REPORTS

OF

ALEXANDER HAMILTON, Esq.

SECRETARY OF THE TREASURY,

READ IN THE

HOUSE OF REPRESENTATIVES

OF THE

UNITED STATES,

JANUARY 19th, 1795;

CONTAINING,

I. A PLAN for the further Support of PUBLIC CREDIT.

II. For the Improvement and better Management of the REVENUES of the UNITED STATES:

TO WHICH IS ANNEXED,

The Copy of an ACT for making Provision for the Support of PUBLIC CREDIT and the Redemption of the DEBT.

Printed by Order of the HOUSE of REPRESENTATIVES.

LONDON:

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1795.

TREASURY DEPARTMENT,

January 16th, 1795.

SIR,

I BEG leave through you to inform the Houſe of Repreſentatives, that purſuant to the ſecond ſection of the act eſtabliſhing the Treaſury Department, which expreſsly makes it the duty of the Secretary of the Treaſury "to digeſt and prepare plans for the improvement *and* management *of the Revenue, and for the ſupport of Public Credit," I have digeſted and prepared a plan, on the baſis of the actual Revenues, for the further ſupport of Public Credit, which is ready for communication to the Houſe of Repreſentatives.*

This plan embraces, a further proviſion for the unſubſcribed debt, a proviſion for converting, with conſent of the Creditors, the foreign into Domeſtic Debt, a proviſion for augmenting the Sinking Fund ſo as to render it commenſurate with the intire debt of the United States, ſuggeſtions for giving effect to the act of the laſt ſeſſion for granting a million of dollars for the purpoſes of foreign intercourſe; with ſome auxiliary propoſitions.

With perfect reſpect,

I have the honour to be, Sir,

Your obedient ſervant,

ALEXANDER HAMILTON.

The Honourable the Speaker of the
Houſe of Repreſentatives.

IN THE

HOUSE OF REPRESENTATIVES

OF THE

UNITED STATES,

Friday, the Sixteenth of January, 1795.

THE Speaker laid before the Houſe a letter from the Secretary of the Treaſury, ſtating " that purſuant to the ſecond ſection of the act eſtabliſhing the Treaſury Department, which expreſsly makes it the duty of the Secretary of Treaſury to digeſt and prepare plans for the improvement and management of the Revenue, and for the ſupport of Public Credit, he has digeſted and prepared a plan, on the baſis of the actual Revenues, for the further ſupport of Public Credit, which is ready for communication to the Houſe of Repreſentatives."

The ſaid letter was read; whereupon,

Reſolved, That the Secretary of the Treaſury be informed that this Houſe is ready to receive the communication therein referred to.

Extract from the Journal,

JOHN BECKLEY, *Clerk.*

TREASURY DEPARTMENT.

January 19th, 1795.

SIR,

AGREEABLY to the reſolution of the Houſe of Repreſentatives of the 16th inſtant, I have the honour to report the plan for the ſupport of Public Credit, announced in my letter of that date, together with ſundry ſtatements connected with it, and to be,

With perfect reſpect, Sir,

Your moſt obedient,

and humble ſervant,

ALEXANDER HAMILTON,

Secretary of the Treaſury.

The Honourable the Speaker of the
Houſe of Repreſentatives.

REPORT, &c.

The SECRETARY *of the* TREASURY *reſpectfully makes the following* REPORT, *to the* HOUSE *of* REPRESENTATIVES.

THE Preſident of the United States, with that provident concern for the public welfare, which characterizes all his conduct, was pleaſed, in his ſpeech to the two Houſes of Congreſs, at the opening of the preſent ſeſſion, to invite their attention to the adoption of a *definitive plan* for the *redemption* of the public debt, and to the conſummation of *whatſoever mayremain unfiniſhed of our Syſtem of Public Credit*, in order to place that credit, as far as may be practicable, *on grounds which cannot be diſturbed*, and to prevent *that progreſſive accumulation of debt, which muſt ultimately endanger* all government.

It was at the ſame time very juſtly intimated, that the period which has elapſed, ſince the commencement of our fiſcal meaſures (now more than four years), has ſo far developed our reſources, as to open the way to the important work: And it is matter of ſolid conſolation, that the reſult, preſenting a ſtate of our finances, proſperous beyond expectation, ſolicits the public councils to enter with zeal and deciſion upon meaſures commenſurate with the greatneſs of the intereſts to be promoted.

Under the influence of this conviction, in conformity with the ſuggeſtions of the Preſident, and purſuant to the duty which the conſtitution of the department, as by law eſtabliſhed, enjoins upon the Secretary of the Treaſury, he has employed himſelf in digeſting and preparing the materials of a plan, for the attainment of the invaluable ends which are recommended;—and, he now reſpectfully ſubmits them to the conſideration of Congreſs.

Towards a clear and diſtinct conception of the means neceſſary to the accompliſhment of thoſe ends, it will be uſeful in the firſt place to review what has been heretofore done.

This will be preſented under three heads.—

1ſt. The revenues which have been eſtabliſhed.

2d. The proviſions for funding the debt, and for the payment of intereſt upon it:

3d. The proviſions for reimburſing and extinguiſhing the debt.

The revenues which have been eſtabliſhed, appear in the following acts.

1ſt. "An act for laying a duty on goods, wares, and merchandizes imported into the United States." Paſſed June the firſt, 1789. This act, as its title imports, lays various *ſpecific* and *ad valorem* rates on all articles (with exception of a few, uſeful to agriculture and manufactures), imported from foreign countries.—The loweſt *ad valorem* rate is five per cent. with a diſcount of ten per cent. in favour of our own bottoms. The duration aſſigned to theſe duties, was the end of the ſeſſion of Congreſs next ſucceeding the firſt day of June, 1796.

2d, "An act impoſing duties on tonnage," paſſed the 20th July, 1789.

This act lays various rates of duty on the tonnage of ſhips and veſſels *entered* in the United States from foreign countries, and in certain caſes in one part of the United States from another.

Its duration was indefinite, no limit having been aſſigned.

3d. An act impoſing duties on the tonnage of ſhips and veſſels, paſſed July 20th 1790.

This act is a ſubſtitute for the one laſt mentioned, preſerving the ſame rates of duty, but applying them in ſome inſtances differently.

It is, like the former, of indefinite duration.

4th. 'An act making further proviſion for the payment of the debts of the United States." Paſſed Auguſt 10th, 1790.

This act repeals, after the laſt day of December, 1790, the duties on imported articles, laid by the act above cited, and ſubſtitutes new and generally increaſed rates, *ſpecific* and *ad valorem*.

The loweſt *ad valorem* rate in this, as in the former act, is five per cent. but the number of articles to which it applies is much narrowed, and inſtead of a diſcount in favour of our own bottoms, an addition of ten per cent. is made to the diſadvantage of foreign bottoms.

The number of free articles is ſomewhat extended, in further encouragement of agriculture and manufactures.

It is declared that the duties laid by this act ſhall continue *till the debts and purpoſes to which they are appropriated, ſhall be ſatisfied*, reſerving however a right to Congreſs to *ſubſtitute* other duties or taxes of *equal* value.

5th. "An act to incorporate the ſubſcribers to the bank of the United States," paſſed the 25th of February, 1791.

The ſecond ſection of this act authoriſes the Preſident to cauſe a ſubſcription to be made to the ſtock of the bank on account of the United States to the amount of 2,000,000 of dollars, and, with a view to the accompliſhment of that object, to borrow of the bank 2,000,000 of dollars, to be reimburſed in ten equal yearly inſtalments.

The difference between the intereſt payable on the loan and the dividends on the ſtock conſtitutes an item of annual income to the United States—It is unappropriated.

6th. "An act repealing after the laſt day of June next the duties heretofore laid upon diſtilled ſpirits imported from abroad, and laying others in their ſtead; and alſo upon ſpirits diſtilled within the UnitedStates, and for appropriating the ſame."—Paſſed the 3d of March, 1791.

This act, in conformity with its title, repeals, after June, 1791, the duties on imported ſpirits laid by the act of the 10th of Auguſt 1790, and eſtabliſhes in lieu of them higher rates, namely, from twenty to forty cents. per gallon, according to proof.—It alſo lays duties to commence at the ſame time upon ſpirits diſtilled within the United States, namely, on thoſe from *foreign* materials, from 11 to 30 cents. according to proof; on thoſe from *domeſtic* materials, if diſtilled in cities, towns, or villages, from nine to twenty-five cents. per gallon, according to proof; if diſtilled in other places, it impoſes a yearly rate of ſixty cents. per gallon on the *capacity* of each ſtill, with an option to the diſtiller to keep and render an account of the produce of his ſtill, and to pay nine cents. per gallon of the quantity of the ſpirits diſtilled therein.

Theſe duties are appropriated primarily *in the ſame manner, and to the ſame purpoſes, as thoſe laid on imported articles by the act of the 10th of Auguſt* 1790, *and are to continue for the ſame time*; with the like reſervation of a right to ſubſtitute other duties or taxes of equal value.

There is a further appropriation which will be noticed hereafter.

7th. "An act for raiſing a further ſum of money for the protection of the frontiers, and for other purpoſes therein mentioned."—Paſſed May 2d. 1792.

This act repeals, after June, 1792, the former duties on a number of imported articles, and eſtabliſhes higher duties in their ſtead.

It extends, among other things, the duties on foreign diſtilled ſpirits; laying on thoſe *made from grain* twenty-eight to fifty cents. per gallon, on others twenty-five to forty-ſix cents. per gallon.

The *appropriation* and *duration* of theſe new duties are *conformable and co-extenſive with thoſe repealed.*

There is likewiſe an addition of two and a half per cent. on that claſs of duties *ad valorem*, which before was five per cent; but this additional duty is limited to the term of two years.

Out of the ſurplus of theſe duties, after ſatisfying the permanent appropriations, certain groſs ſums are appropriated for the ſervice of the war department.

8th. "An act concerning the duties on ſpirits diſtilled within the United States."—Paſſed May 8th, 1792.

This act repeals, after the laſt day of June, 1792, the former duties on ſpirits diſtilled within the United States, and on ſtills, and inſtead of them eſtabliſhes lower duties; namely, on thoſe made of foreign materials from ten to twenty-five cents. per gallon according to proof; on thoſe made of domeſtic materials, if in cities, towns, or villages, or at diſtilleries where the ſtills ſingly or together are of the capacity of 400 gallons or upwards, from ſeven to eighteen cents. per gallon of the ſpirits diſtilled according to proof; if made in other places, or at diſtilleries where the ſtills are of inferior capacity, the yearly rate of fifty-four cents. per gallon of the capacity of each ſtill. A new option is given to the diſtiller, which is inſtead of paying the yearly rate to take out licenſes for the monthly employment of his ſtills, paying each time ten cents. per gallon of the capacity of each ſtill.

Theſe new duties are appropriated *in the ſame manner and to the ſame purpoſes, and are to continue for the ſame time as thoſe for which they are ſubſtitutes:* and to *make good any deficiency*, which may accrue from lowering the rates, *the ſurplus of the duties impoſed* by the act of the ſecond of the ſame month is appropriated.

9th. "An act to promote the progreſs of uſeful arts, and to repeal the act heretofore made for that purpoſe," paſſed February 21ſt, 1793.

This act ordains certain fees to be paid by perſons to whom patents are

granted for inventions, diſcoveries or improvements, and *appropriates them to the purpoſe of defraying clerk hire in the department of ſtate.*

Its duration is indefinite.

10th. "An act to eſtabliſh the poſt-office and poſt-roads within the United States," paſſed May 8th, 1794.

This act eſtabliſhes, to commence on the firſt of June following, various rates of poſtage on letters, and directs that the poſt maſter ſhall render to the Treaſury Department a quartely account of receipts and expenditures, and ſhall pay quarterly into the treaſury the balance in his hands.

The duration of this act is alſo indefinite.

It contains no appropriation of the ſums paid into the treaſury.

11th. "An act laying duties upon carriages for the conveyance of perſons," paſſed the 5th of June, 1794.

This act lays different rates of duty from ten dollars to one dollar upon carriages *for the conveyance of perſons*, kept by or for any perſon for his or her own uſe, or to be let to hire, or for the conveying of paſſengers; and to guard againſt miſapprehenſion declares that the duties *ſhall not be conſtrued* to extend to any carriage *uſually* and *chiefly employed in huſbandry*, or for the *tranſporting* or *carrying of goods, wares, merchandize, produce, or commodities.* The duration of the duties is limited to the end of the ſeſſion of Congreſs which ſhallbe next after the term of two years from the time of paſſing the act.

It contains no appropriation.

12th. "An act laying duties on licences for ſelling wines and foreign diſtilled ſpirituous liquors by retail," paſſed June 5th 1794.

This act requires that every retail dealer in wines ſhall take out a yearly licence, and ſhall pay for it a duty of five dollars; and that every retail dealer in *foreign* diſtilled ſpirituous liquors ſhall alſo take out a yearly licence, and pay for it a duty of five dollars. It defines a retail dealer in wines to be a perſon who deals *in the ſelling of wines to be carried or ſent out of the houſe, building, or place of his or her dwelling*, in leſs quantities at one time than thirty gallons, except in the original caſk, caſe, box or package, in which it is imported.—A retail dealer of ſpirituous liquors to be a perſon who ſhall deal in the ſelling of *foreign* diſtilled ſpirituous liquors, *to be carried or ſent out of the houſe, building, or place of his or her dwelling*, in leſs quantities than twenty gallons at one time. No difference is made between the dealer in ſeveral kinds of

wines, or ſeveral kinds of foreign diſtilled liquors, and the dealer in one kind.

The ſame duration is aſſigned to this act as to the one laſt cited. It is equally without appropriation.

13th. "An act for laying certain duties upon ſnuff and refined ſugar."—Paſſed June 5th 1794.

This act lays a duty of eight cents. per pound on all ſnuff, which after the 30th of September, 1794, ſhould be manufactured within the United States, and of two cents. per pound on all ſugar, which after that day ſhould be refined within the United States. The remark made upon the two laſt recited acts is applicable to this, as to the duration of the duties, and the appropriation of their proceeds.

14th. "An act laying additional duties on goods, wares, and merchandize imported into the United States."—Paſſed June 7th 1794.

This act lays upon ſundry enumerated articles, on their importation from foreign countries, certain *ſpecific* and *ad valorem* rates of duty in addition to thoſe before charged upon them, and adds generally a duty of two and an half per centum on all that claſs of articles which were before chargeable with ſeven and an half per centum ad valorem. It alſo prolongs the temporary two and an half per centum laid by the act of May 2d, 1792, until the firſt of January, 1794; to which period the other duties laid by it are to continue.

It contains no appropriation.

15th. "An act laying duties on property ſold at auction."—Paſſed June 9th 1794.

This act lays a duty on ſales at auction by perſons licenſed according to the laws of a ſtate, or this act (prohibiting others from ſelling at auction) of one fourth per cent. of the purchaſe money ariſing from the ſale of any right, intereſt, or eſtate, in lands, tenements, or hereditaments, untenſils of huſbandry, farming ſtock, or ſhips and veſſels, of one half per cent. of the purchaſe money ariſing from the ſales of any other goods, chattels, rights, or credits.

The term of theſe duties is limited to the end of the ſeſſion next after the expiration of two years from the time of paſſing the act, which alſo is without any appropriation.

But by an act entitled, "An act making appropriations for certain purpoſes therein expreſſed." paſſed the ſame 9th of June, 1794, certain ſpecific ſums, amounting together to 1,292,137 dollars and 38 cents, are charged upon

the proceeds of the revenues which are created by the five laſt mentioned acts, and there is a reſervation made out of them, of a ſum ſufficient to pay the intereſt of whatever monies may be borrowed purſuant to the act, entitled, "An act making further proviſion for the expences attending the intercourſe of the United States with foreign nations, &c.—Paſſed the 20th of March 1794, *which ſum is pledged for the payment of that intereſt.*

Theſe acts comprehend all the current revenues of the United States: Their product will appear hereafter.

In addition to them, a fund will be derived from the ſale of the public lands in the weſtern territory. And there likewiſe occur from time to time payments into the treaſury on account of old debts, but theſe are too caſual, and of too little magnitude to be more than curſorily mentioned.

The lands in the weſtern territory, of which the government of the United States has acquired the right of ſoil, are eſtimated in a report of the late Secretary of State, to amount to 21,000,000 of acres. This quantity, at twenty cents. per acre, the price upon former occaſions contemplated, would yield a ſum of 4,200,000, dollars. But it is believed that it would be unſafe to count upon ſo large a ſum.

Beſides the uncertainty, as to the proportion which may be of a ſaleable quality, and as to the price which may be obtained for it; the boundary between the United States and the Indians is underſtood to be unſettled, with regard to a conſiderable part of the tract on which the computation is made. If it ultimately yield three millions of dollars, it will probably equal every reaſonable expectation.

The proviſions for funding the debt and for payment of intereſt upon it are comprized in the following acts.

1ſt. "An act making proviſion for the debt of the United States."—Paſſed Auguſt 14th, 1790.

This act commonly called the FUNDING ACT contains theſe ſeveral proviſions, viz.

1ſt. It reſerves out of the proceeds of the duties on imports and tonnage, for the ſupport of the government of the United States, and their common defence, the yearly ſum of 600,000 dollars.

2d. It appropriates *ſo much of the ſame proceeds as ſhould be neceſſary* to the payment of intereſt on foreign loans, before that time contracted, or

which ſhould afterwards be contracted for diſcharging the arrears of intereſt, and the principal of antecedent foreign loans, to continue ſo appropriated till the debt conſtituted by thoſe loans ſhould be fully diſcharged.

3d. It authorizes the Preſident to borrow any ſum or ſums not exceeding 12,000,000 of dollars, to diſcharge the arrears of intereſt upon, and the inſtallments of the principal of the foreign debt, due and to grow due;—and *if to be effected on advantageous terms* to pay off the whole of that debt; and further authorizes him to make ſuch other contracts reſpecting it as ſhould be found for the intereſt of the United States, ſo that no engagement or contract ſhould preclude from reimburſing the ſums borrowed within fifteen years, after they ſhould be borrowed.

IV. In order to adapt the form of the domeſtic debt to the circumſtances of the United States, as far as ſhould be found practicable "conſiſtently with good faith and the rights of the creditors," which it truly declares, "could only be done by a voluntary loan on their part," it propoſes a loan to the United States (directing for that purpoſe books for ſubſcriptions to be opened at the treaſury, and by commiſſioners of loans in the ſeveral ſtates, on the 1ſt of October, 1790, and to continue for one year), the ſums ſubſcribed to the loan, to be paid in certain enumerated evidences of the debt of the United States, upon theſe terms, viz.

1ſt. That the intereſt unpaid on the principal of theſe evidences ſhould be computed up to the laſt of December, 1790.

2d. That for any ſum ſubſcribed and paid in principal of the debt, the ſubſcriber ſhould be entitled to one certificate for a ſum equal to two-thirds of the ſum ſubſcribed, bearing an intereſt of ſix per centum per annum, commencing the firſt day of January 1791, payable quarter yearly, and ſubject to redemption by payments not exceeding in one year, on account both of principal and intereſt, eight dollars upon a hundred of the *original* ſum ſo ſubſcribed and paid; and to another certificate for a ſum equal to the remaining third of that ſum, which after the year 1800 ſhould bear a like intereſt, payable in like manner, and ſubject to a like rate of redemption; but that the United States though having a right to redeem, in the above mentioned proportion, ſhould not be obliged to do it.

3d. That for any ſum ſubſcribed and paid in the intereſt of the debt, the ſubſcriber ſhould be entitled to a certificate for a ſum equal to the ſum

ſubſcribed, bearing an intereſt of three per centum per annum from the ſaid laſt day of December, 1790, payable quarter yearly, and redeemable at pleaſure by payment of the principal.

4th. That the new ſtock created by the ſaid loan ſhould be transferable on the books upon which the credit for it ſhould ſtand by the proprietor, or his attorney, theſe books to be either thoſe kept for the purpoſe by the treaſury, or by commiſſioners of loans in the reſpective ſtates, a mode being provided for the transfer from the books at one place to thoſe at another.

5th. That the intereſt ſhould be payable whereſoever the credit for the ſtock ſhould exiſt when the payment of intereſt ſhould become due, except that the dividend of intereſt for any quarter of a year, which ſhould not be demanded before the expiration of a third quarter ſhould afterwards be demandable only at the treaſury.

9th. That for the regular payment of the intereſt on the ſeveral kinds of ſtock to ariſe from the loan as it ſhould accrue, *including that which is deferred*, the proceeds of the public revenues, which before that time had been, or during the then ſeſſion ſhould be provided, *after reſerving yearly* 600,000 *dollars for the ſupport of the government of the United States, and their common defence, and ſuch ſum as ſhall be neceſſary for payment of intereſt on the foreign loans before mentioned*, ſhould be and thereby were pledged and appropriated *'till the final redemption of the capital ſtock*.

V. Premiſing that ſome of the creditors of the United States might not think fit to become ſubſcribers to the loan, this act declares that "nothing contained in it ſhould be conſtrued *in any wiſe* to *alter*, *abridge*, or *impair* the *rights* of thoſe creditors of the United States who ſhould not ſubſcribe to the loan, or the *contracts* upon which their claims are founded, but that the ſaid *contracts and rights ſhould remain in full force and virtue:*" and to obviate all idea of compulſion on the creditors to ſubſcribe, it allows to nonſubſcribers, during the pendency of the loan, and until the end of the year 1791, a rate per centum on their reſpective demands, equal to that which is paid to ſubſcribing creditors; on the ſole condition that the evidences of debt holden by them, except thoſe which had been iſſued by the regiſter of the treaſury for the regiſtered debt, ſhould be exchanged for other certificates, ſpecifying the ſpecie amount of thoſe in exchange for which they were given, and otherwiſe of the like tenor with thoſe which

had theretofore been iſſued by the regiſter of the treaſury for the regiſtered debt; ſtating as the grounds of this condition that ſome of the certificates then in circulation had not been liquidated to ſpecie value, that moſt of them were greatly ſubject to counterfeit, that counterfeits had actually taken place in numerous inſtances, and that embarraſſment and impoſition might attend the payment of intereſt on theſe certificates in their then form.

VI. This act likewiſe propoſes another loan to the amount of 21,500,000 dollars, payable in the principal and intereſt indiſcriminately of the evidences of debt of the reſpective ſtates according to certain quotas; to be conducted in the ſame manner, and to be open for the ſame time, as that in the domeſtic debt of the United States.

The terms of this loan to be—

1ſt. That for any ſum ſubſcribed, the ſubſcriber ſhould be entitled to one certificate for a ſum equal to four ninths of the ſubſcribed ſum, bearing an intereſt of ſix per centum per annum, commencing the 1ſt day of January, 1791—To another certificate for a ſum equal to two ninths of the ſaid ſubſcribed ſum, bearing an intereſt after the year 1800 of ſix per centum per annum, and to a third certificate for a ſum equal to three ninths of the ſaid ſubſcribed ſum, bearing an intereſt of three per centum per annum, commencing on the ſame 1ſt day of January, 1791. The intereſt in each caſe to be payable in like manner, and to be ſubject to the like redemption as that on the correſpondent kinds of ſtock, to be created by the ſaid firſt mentioned loan, and the ſtock to be created by the ſecond loan to be *transferable* on the ſame principles, and in the ſame modes as that produced by the former.

2d. That for the regular payment of intereſt on the ſeveral kinds of ſtock to ariſe from this loan as it ſhould accrue, *including that which is deferred*, the proceeds of the public revenues which before that time had been, or during the then ſeſſion ſhould be provided, *after reſerving the aforeſaid yearly ſum of* 600,000 *dollars, the ſum neceſſary for payment of intereſt on the foreign loans made and to be made, and the ſum neceſſary for payment of intereſt on the loan in the domeſtic debt*, ſhould be, and thereby were pledged and appropriated, to continue ſo pledged and appropriated, until *the final redemption of the capital ſtock.*

VII. To ſecure the due application of theſe revenues according to the

appropriations, an account of them is directed to be kept diſtinct from that of the proceeds of any other revenues, except ſuch as ſhould be raiſed to make good a deficiency in thoſe: and the faith of the United States is pledged to appropriate additional and permanent funds for ſatisfying ſuch deficiency.

VIII. The proceeds of the ſales of lands in the weſtern territory, then belonging, or which thereafter ſhould belong to the United States, are pledged and appropriated for the diſcharge of the debts which the United States then owed, or by virtue of that act ſhould owe.

There are ſeveral collateral and ſupplementary proviſions, which are omitted as immaterial to the intended view of the ſubject.

II. " An act repealing after the laſt day of June next, the duties heretofore laid upon diſtilled ſpirits, &c."—Paſſed the 3d of March, 1794.

The proceeds of the duties laid by this act are made ſubject to the ſame appropriations, and in the ſame order of priority as thoſe contained in the funding act; and to ſecure their due application an account is directed to be kept of them, diſtinct from that of any other revenues except thoſe appropriated by the funding act.

III. " An act for raiſing a further ſum of money for the protection of the frontiers, &c."—Paſſed May 2d, 1792.

This act which, as has been before noticed, increaſed permanently the duties on certain imported articles, and laid a temporary additional duty on ſome others, appropriates primarily the proceeds of the permanent augmentation in the ſame manner, and to the ſame purpoſes as the antecedent duties were appropriated, that is, in conformity with the funding act.

IV. " An act concerning the duties on ſpirits diſtilled within the United States."—Paſſed May 8th, 1792.

This act, which lowers the duties on ſpirits diſtilled within the United States, and on ſtills, appropriates the proceeds of the reduced duties in the ſame manner as were the former duties; and to make good whatever deficiency might be occaſioned by the reduction of the rates, pledges as a ſubſtitute the ſurplus of the augmented duties laid by the laſt cited act.

V. " An act providing for the payment of the ſecond inſtalment due on a loan made of the bank of the United States."—Paſſed June 4th, 1794.

This act, in addition to a proviſion for paying that ſecond inſtalment, ap-

propriates as much of the dividends on the ſtock which the United States hold in the bank, as ſhould be neceſſary to the payment of intereſt on the capital of a loan of 2,000,000 of dollars had of the bank, purſuant to the eleventh ſection of the act by which it is incorporated.

It alſo fixes the laſt day of December in each year as the annual period for the payment of the ſucceſſive inſtalments of that loan.

VI. " An act making proviſion for the payment of the intereſt on the balances due to certain ſtates upon a final ſettlement of accounts, between the United States and the individual ſtates."—Paſſed May 30th, 1794.

This act directs that intereſt ſhall be allowed and computed on the balances to creditor ſtates from the laſt of December, 1789, to the laſt of December, 1794, which being placed to their credit reſpectively, ſhall bear an intereſt of three per centum per annum from the period laſt mentioned.

It further directs, that the intereſt on the principal balances to be funded agreeably to the terms of the act for the ſettlement of accounts, together with the intereſt upon the arrears of intereſt computed on thoſe balances, and forming a new capital, ſhall be payable at the offices of the commiſſioners of loans within the ſtates to which the balances are reſpectively due, and ſhall be paid quarterly yearly after the laſt day of December, 1794, at the ſame epochs in each year at which intereſt is payable on the other parts of the funded debt: to which end ſo much of the proceeds of the duties on imports and tonnage as may be neceſſary, *and as were not otherwiſe previouſly appropriated*, are appropriated; and the faith of the United States is pledged to provide for any deficiency which may happen by additional and permanent funds.

There are ſeveral acts which prolong from time to time the ſubſcriptions in the domeſtic and ſtate debts, on the ſame terms as by the funding act; thoſe in the domeſtic debt being continued down to the laſt day of December, 1794;—which acts, together with the acts particularly cited, compriſe all thoſe that relate to the funding of the public debt, and the payment of intereſt thereupon. The reſult of theſe acts is exhibited in the tables ABC and D, which ſhew the amount of the foreign debt, that of the funded debt, the probable amount of that which remains unfunded, of what compoſed, and the annual amount of intereſt upon the different portions of debt according to contract, and according to the plan of this report.

The proviſions for reimburſing and redeeming the public debt are contained in the following acts, and are as follows, viz.

1ſt. "An act making proviſion for the debt of the United States."—Paſſed the 4th of Auguſt 1790.

This act, which is the one that regulates the funding of the debt, by the laſt ſection appropriates the proceeds of the ſales of lands in the weſtern territory, then belonging or thereafter to belong to the United States, to the ſinking or diſcharging of the debts for which the United States then were, or by virtue of that act ſhould be holden; to be applied ſolely to that uſe until they ſhould be fully ſatisfied.

2d. "An act making proviſion for the reduction of the public debt."—Paſſed Auguſt 12th 1790. This act premiſing that it is deſireable by all juſt and proper means to effect a reduction of the public debt, and that the application of the ſurplus revenue to that object will not only contribute to this deſirable end, but will be *beneficial to the creditors of the United States by raiſing the price of their ſtock*, and be productive of conſiderable ſaving to the United States, enacts:

1ſt. That the ſurplus of the duties on imports and tonnage to the end of the year 1790, ſhall be applied to the *purchaſe* of the debt of the United States at its market price; if not exceeding the par or true value thereof.

2d. That the purchaſe to be made ſhall be conducted under the direction of the preſident of the ſenate, the chief juſtice, the ſecretary of ſtate, the ſecretary of the treaſury, and the attorney general; who, or any three of whom, with the approbation of the preſident, are authoriſed to cauſe them to be made, in ſuch a manner, and under ſuch regulations as ſhall appear to them beſt calculated to fulfil the intent of this act; *provided that the ſame ſhould be made openly and with due regard to the equal benefit of the ſeveral ſtates.*

3d. That the accounts of the application of the fund ſhould be ſettled as other public accounts, accompanied with returns of the amount of debt, purchaſed at the end of each quarter of a year; and that a full and exact report of the proceedings of the Commiſſioners ſhould be laid before Congreſs within the firſt fourteen days of each ſeſſion, including a ſtatement of the diſburſements and purchaſes, ſpecifying the times when, prices at which, and perſons of whom, the purchaſes were made.

4th. That in addition to this fund, the Preſident ſhould be authoriſed to borrow any ſum or ſums not exceeding 2,000,000 of dollars, at an intereſt not exceeding five per centum, to be applied to purchaſes of public debt in like manner, and under the ſame direction and regulation as the firſt mentioned fund—*Provided that out of the intereſt of the debt to be purchaſed there ſhould be* appropriated annually a ſum not exceeding eight per centum of the ſums borrowed, towards paying the intereſt, and reimburſing the principal of theſe ſums.

But to guard againſt the poſſibility of a deficiency of means to pay the intereſt on the debt, which was to accrue in the year 1791, authority is given to reſerve and apply to that purpoſe out of the firſt mentioned fund as much as might be neceſſary to ſupply the defect of receipts during the year, on account of the duties which ſhould accrue after the year 1790.

III. " An act repealing after the laſt day of June next, the duties heretofore laid upon diſtilled ſpirits, *&c.*"—Paſſed the 3d of March 1791.

This act appropriates whatever ſurplus may remain from year to year of the proceeds of the duties which it impoſes, after ſatisfying prior appropriations to the reduction of the public debt; unleſs ſuch ſurplus ſhall be required for the current public exigencies, and by *ſpecial* acts of Congreſs ſhall be appropriated thereto.

IV. " An act ſupplementary to the act making proviſion for the reduction of the public debt."—Paſſed the 3d day of March 1791.

This act declares that the terms of a loan of three millions of florins obtained in Holland, being five per cent. intereſt, and four and a half per cent. for charges, and future loans on the ſame terms, ſhould be deemed to be within the meaning of the act of the 12th of Auguſt 1790.

V. " An act ſupplementary to the act making proviſion for the debt of the United States."—Paſſed May 8th 1792.

This act makes proviſion for the payment of a debt due to certain foreign officers who had ſerved the United States (the intereſt of which was by ſtipulation payable at Paris) out of the monies authoriſed to be borrowed by the funding act.

It alſo eſtabliſhes a permanent SINKING FUND to be compoſed.

1ſt. Of the intereſt of the public debt purchaſed, redeemed, or paid into the Treaſury in ſatisfaction of any debt or demand.

2d. Of the ſurplus, if any, which ſhould remain of monies appropriated for paying the intereſt of the public debt after paying that intereſt.

This fund is to be applied under the direction of the Commiſſioners nominated in the act of the 12th of Auguſt, with the like approbation of the Preſident—

1ſt. To the *purchaſe* of the ſeveral ſpecies of ſtock conſtituting the debt of the United States at their reſpective market prices, not exceeding the par, or true value thereof, and as nearly as may be in equal proportions, *until the annual amount of the fund ſhall be equal to two per centum of the whole amount of the outſtanding funded ſtock bearing a preſent intereſt of ſix per centum:* thenceforth.

2d. To the *redemption* of that ſtock, according to the right reſerved to the Untied States, *until the whole ſhould* be redeemed; and laſtly, *after ſuch redemption*, to the *purchaſe* at its market price of *any unredeemed debt* of the United States; which purchaſes are directed to be made at the loweſt prices at which they can be effected by open purchaſe, or by receiving ſealed propoſals to be opened in the preſence of the Commiſſioners, or perſons authoriſed by them to make purchaſes, and of the perſons making the propoſals; and are to be accounted for at the Treaſury, and reported to Congreſs in the ſame manner as the purchaſes before authorized to be made.

VI. " An act making appropriations for the ſupport of Government for the year 1793."

This act provides that the Preſident of the United States ſhall cauſe ſo much of the loan made of the Bank of the United States, purſuant to the 11th ſection of the Act of incorporation, to be paid off in ſums not leſs than 50,000 dollars, as in his opinion on the ſtate of the Treaſury may from time to time admit, out of any monies which may be in the Treaſury; having due regard to the exigencies of the government, and the appropriations made and to be made by Law.

VII. " An act making proviſion for the payment of the firſt inſtalment due on a Loan made of the Bank of the United States.—"Paſſed March 2d 1793.

This act authorizes the payment of the firſt inſtalment of a loan of 2,000,000 of dollars, had of the Bank of the United States, purſuant to the eleventh ſection of the Act by which it is incorporated, out of the monies borrowed upon the authority of the Act making proviſion for the reduction of the public debt.

VIII. " An Act providing for the payment of the ſecond inſtalment due on a loan made of the Bank of the United States"—Paſſed June 4th 1794.

This Act authorizes the payment of that ſecond inſtalment out of the proceeds of any foreign loans before that time transferred to the United States. It makes other proviſions, which have been noticed under a preceding head.

Theſe Acts compriſe all the proviſions which have been made for reimburſing and redeeming the debt of the United States—the reſult to the laſt of December 1794, is preſented in the Statement E.

There are two other Acts, which, tho' not falling properly under either of the foregoing heads, require from their relation to the ſubject to be brought into view.

I. " An Act relative to Claims againſt the United States not barred by any Act of Limitation, and which have not been already adjuſted."—Paſſed February 12th, 1793.

This Act directs, that all claims of the deſcription given in the Title ſhall be preſented at the Treaſury for adjuſtment by the 1ſt of May 1794, or ſhall be forever after barred; except thoſe for Loan Office certificates, Final Settlements, Indents of Intereſt, Regiſters, Certificates, Balances on the Books of the Treaſury, Loans of money in foreign Countries, Certificates iſſued under the act intitled " An Act making proviſion for the debt of the United States." Such of the Claims preſented as cannot be admitted in the courſe of the Treaſury, are to be reported to Congreſs by the accounting officers.

Among the Claims inadmiſſible in the ordinary courſe of the Treaſury is a ſum of 90,574 Dollars of the bills of Credit commonly called new Emiſſion money.

II. " An Act making further proviſion for the expences attending the intercourſe of the United States with Foreign Nations, &c."—Paſſed March 20th, 1794.

This act appropriates, in addition to former proviſions, one Million of Dollars for the purpoſes mentioned in the title, to be paid out of any monies which may be in the Treaſury not otherwiſe appropriated, and to be applied under the direction of the Preſident of the United States, who is alſo authorized if neceſſary to borrow the whole, or any part of the ſum;

but there is no ſpecial appropriation either for paying the intereſt, or reimburſing the Principal of the loan.

The Act already quoted of the ninth of June, 1794, entitled "An Act making appropriations for certain purpoſes therein expreſſed," with a view to remedy this defect appropriates out of the proceeds of the Taxes laid during the laſt ſeſſion ſuch ſum as ſhall be ſufficient to pay the Intereſt on whatever monies may be borrowed purſuant to the act of March 22d, 1794.

The foregoing review of the Laws, which conſtitute the fiſcal ſyſtem of the United States, diſplays theſe prominent points as the leading features of that ſyſtem.

1ſt. That all the current revenues of the United States are derived from theſe ſources (viz.) IMPORTED ARTICLES, the TONNAGE of SHIPS and VESSELS, SPIRITS diſtilled within the United States and STILLS, the POSTAGE of Letters, FEES on PATENTS, DIVIDENDS of Bank Stock, SNUFF manufactured within the United States, SUGAR refined within the United States, SALES AT AUCTION, LICENCES to retail Wines and diſtilled Spirits, CARRIAGES for the CONVEYANCE OF PERSONS.

2d. That of theſe Revenues, the principal part of the duties on imported articles, thoſe on the tonnage of ſhips or veſſels, thoſe on diſtilled ſpirits and ſtills, thoſe on the poſtage of letters, patent fees, the dividends of Bank Stock, are permanent (the three firſt being commenſurate with the exiſtence of the Debt, for the payment of the Intereſt of which they are pledged, the 4th and 5th having no limit aſſigned in the laws, and the laſt being commenſurate with the duration of the property in the Stock)—all the others temporary, being limited to continue no longer than 'till the end of the ſeſſion of Congreſs next after the expiration of two years from the reſpective times of paſſing the laws which eſtabliſh them.

3d. That the permanent duties on imported articles, the tonnage duties, the duties on Spirits diſtilled within the United States and on Stills, are ſubject to theſe permanent diſpoſitions.

1ſt. To a reſervation of 600,000 dollars per annum for the ſupport of the Government of the United States, and their common defence.

2d. To an appropriation of ſo much as may be neceſſary to pay the Intereſt on the foreign loans provided for by the funding Act.

3d. To an appropriation of ſo much as may be neceſſary to pay the In-

tereſt on the Stock created by the Loan in domeſtic debt, or more properly in the *original* debt of the United States.

4th. To an appropriation of ſo much as may be neceſſary to diſcharge the intereſt on the Stock created by the loan in the Debts of the reſpective States.

5th. To an appropriation of ſo much as may be neceſſary to pay the intereſt on the balances due to Creditor States—

Which diſpoſitions eſtabliſh PRIORITIES according to the order in which they are here enumerated.

4th. That the ſurplus if any of the duties on ſpirits diſtilled within the United States and on ſtills, has an ultimate appropriation, that is, to the reduction of the public debt; *but that the ſurpluſſes of the other duties have no ſuch ultimate appropriation.*

5th. That the duties on the poſtage of letters, and the net dividends on the Bank ſtock, have *no permanent or particular appropriation.*

6th. That the temporary duties *are charged* with a ſpecific ſum of 1,292,137 dollars and 38 cents. and with the payment of *intereſt on a ſum of* 1,000,000 *of dollars, authorized to be borrowed for the expences of foreign intercourſe.*

7th. That the whole of the foreign debt, and all that part of the domeſtic debt being now nearly the whole, which conſiſts of the ſtock created by loans in the original debt of the United States, and in the particular debts of the ſeveral States, and *by the balances due to Creditor States*, are *bottomed on certain ſpecified revenues pledged* or *hypothecated* for the payment of the *intereſt* upon them—and *thus* conſtitute the FUNDED DEBT of the United States.

8th. That the funded DOMESTIC debt of the United States conſiſts of three ſpecies of ſtock, one bearing a preſent intereſt of ſix per cent. per annum, another bearing an equal intereſt after the year 1800, a third bearing a preſent intereſt of three per centum per annum;—the intereſt in each caſe payable *quarter yearly.*

9th. That the ſix per cent. ſtock preſent and deferred can be redeemed in no greater proportion than at the rate of eight per centum per annum of the *original* ſum, on account both of principal and intereſt; but the three per cent. ſtock is redeemable at pleaſure.

10th. That the proviſion for ſubſcribing to the loan in domeſtic debt expired on the laſt of December 1794, and that *no further proviſion* has been made for the unſubſcribed reſidue.

11th. That the funding act *expreſsly confirms the contracts and rights* of the creditors of the United States, who ſhall not *think fit to ſubſcribe to the loan*, and gives an *expectation* to them of *further* and *other* arrangements upon the event of the propoſitions made to them.

12th. That the proceeds of all the lands of the United States in the weſtern territory are appropriated to the redemption of all that part of the public debt, for which *prior to the funding* act, or *by virtue thereof*, the United States were or are liable.

13th. That, in addition to this, a regular SINKING FUND has been ſucceſſively conſtituted, to be applied under the direction of five principal officers of the United States with the approbation of the Preſident, hitherto compoſed of three parts, 1ſt. the ſurplus of the duties on imports and tonnage, to the end of 1790; 2d. the proceeds of loans not exceeding 2,000,000 of dollars authoriſed to be borrowed for the purpoſe (theſe two funds to be inveſted in purchaſes) and 3dly. in which the two former reſolve themſelves, the intereſt on the public debt *purchaſed*, *redeemed*, or paid into the treaſury, together with the ſurpluſſes, if any, of monies appropriated for intereſt;—to be applied, 1ſt. to *purchaſes* of the debt *till* the fund is equal to two per centum of the *outſtanding ſtock* bearing a preſent intereſt of ſix per cent; 2d. to the *redemption* of that ſtock, and laſtly to purchaſes of any *unredeemed reſidue* of the public debt. But there is *reſerved out of this fund a ſum not exceeding* eight per centum per annum, towards the payment of intereſt and reimburſing of the principal of the loans made for purchaſes of the debt.

To this recapitulation of the leading features of our fiſcal ſyſtem, it may be uſeful to add a ſummary exhibition of certain reſults, which appear more in detail in, or are deducible from the tables or ſtatements annexed to this report.

The particulars and amount of the debt of the United States are as follow:

Foreign debts as per ſtatements B and C	-	-	14,599,129, 35
Deduct inſtalments of foreign debt in the year 1795, to be paid out of proceeds of foreign loans	-	-	853,750
			13,745,379, 35

Funded domeſtic debt, viz.

1. Ariſing from original domeſtic debt ſubſcribed to loan propoſed by funding act—

Stock bearing a preſent intereſt of 6 per cent. -	17,912,138, 01	
Stock bearing a future intereſt of ditto - -	8,538,228, 97	
Stock bearing an intereſt of 3 per cent. - -	12,275,347, 55	

2. Ariſing from ſtate debts aſſumed—

Stock bearing a preſent intereſt of 6 per cent. -	7,908,374, 19	
Stock bearing a future intereſt of ditto - -	3,940,608, 96	
Stock bearing an intereſt of 3 per cent. -	5,994,115, 70	

3. Ariſing from balances to creditor ſtates—

Stock bearing a preſent intereſt of 6 per cent. -	2,345,056	
Stock bearing a future intereſt of ditto -	1,172,528	
Stock bearing an intereſt of 3 per cent. -	703,516, 80	
		60,789,914, 18

Unſubſcribed debt, (viz.)

Principal excluſive of loan office certificates bearing intereſt on nominal value - - -	1,072,583, 40	
Intereſt thereupon including indents -	452,826, 74	
Principal of loan office certificates bearing intereſt on nominal ſum - - - -	27,935	
Intereſt thereupon - - -	7,830	
		1,561,175, 14
Total unredeemed debt,	Dollars	76,096,468, 67

This is excluſive of a ſum of 1,400,000 dollars due to the bank of the United States, on account of the loan of 2,000,000 had of that inſtitution purſuant to the 11th ſection of the act by which it is incorporated, and which is not included in the maſs of the debt, becauſe it is more than counter-balanced by a greater value in ſtock.—It is alſo excluſive of thoſe loans which are temporary anticipations of the revenue.

The particulars and amount of the annual current revenues of the United States are as follow:

	Permanent.	
Appropriated.		
Duties on imports and tonnage, - -	4,199,791, 67	
Duties on domeſtic diſtilled ſpirits and ſtills, -	400,000	
Fees on patents, - - - -	660	
Unappropriated.		
Poſtage of letters, - - -	29,722 16	
Surplus dividends, on bank ſtock - -	62,500	
		4,692,673 83

Temporary.

Temporary duties on imports, - -	1,479,026 91	
Internal.		
Duties on ſnuff, refined ſugar, ſales at auction, licences to retail ſpirits and wines, carriages for conveyance of perſons,	380,000	
		1,859,626 91
Total annual current revenue		6,552,300 74

The particulars and amount of the annual ſtated expenditure of the United States, computing the army and navy eſtabliſhments on the ſcale of an Indian and Algerine war, are as follow:

Intereſt on the foreign debt - - - -	638,480 58
Intereſt on domeſtic funded debt - - -	2,339,241 50
Intereſt on unfunded debt - - - -	66,031 10
Intereſt on temporary loans - - - -	100,000
Expences of the civil government including foreign intercourſe -	475,249 53
Expences of military land ſervice - - -	1,511,975 29
Expences of military naval ſervice - - - -	441,508 80
Miſcellany - - - - - -	109,357 04
Total annual expenditure, Dollars	5,681,843 84

This ſum is liable to be increaſed by the intereſt which will begin to accrue on the deferred ſtock the 1ſt. January, 1801, being on the preſent amount of that ſtock 871,401 dollars and 92 cents.

The annual force of the ſinking fund, as depending on aſcertained funds may be ſtated as follows,

Intereſt for a year on ſums already carried to its credit - -	68,225 55
Intereſt for a year on debt to foreign officers in a courſe of payment including arrears of intereſt to be carried to the credit of this fund - -	13,439 49
Intereſt for a year on the unexpended ſurplus of the revenues at the end of the year 1790, being 411,659 dollars 49 cents, ſuppoſing this to be inveſted by purchaſe in an equal ſum of preſent ſix per cent. ſtock - -	24,699 56
Dollars	106,364 60

It is further liable to be increaſed by an inveſtment in purchaſes of 865,098 dollars and 11 cents. which, together with the ſums from that ſource already inveſted in purchaſes and payments, will amount to two millions of dollars, the ſum authoriſed to be borrowed for purchaſes of the debt.

But as this auxiliary depends on an operation, not only future but in

ſome degree caſual, it cannot be taken into an eſtimate of the actual ſtrength of the fund.

The proceeds of ſales of the weſtern lands muſt alſo be conſidered as an eventual reſource.

There are other contingent ſources of augmentation, not computed, becauſe they are contingent. But on the other hand the fund is liable to be reduced by a ſum reſerved out of it for the payment of principal and intereſt of the two millions authorized to be borrowed for purchaſes, not exceeding 8 per centum per annum.

The ſum applicable in the firſt inſtance to the redemption of that portion of the funded debt, which bears a preſent intereſt of ſix per centum, excluding that ſtanding to the credit of the commiſſioners of the ſinking fund, is as follows:—

Of transferable ſtock - - - -	516,410	24
Of untransferable ſtock, ariſing from balances to creditor ſtates	46,901	12
Dollars	563,311	36

The ſum applicable in the firſt inſtance, that is, on the 1ſt day of January, 1802, to the redemption of that portion of the funded debt, now called deferred ſtock, excluding that ſtanding to the credit of the commiſſioners of the ſinking fund, will be as follows:

Of transferable ſtock - - - -	249,576	75
Of untransferable ſtock ariſing from balances to creditor ſtates	23,450	56
Dollars	273,027	31

Theſe ſums would complete the redemption of the whole amount of the ſtock, to which they are applicable within twenty-three years after the redemption in each caſe was begun; within which terms, they would diſcharge the whole of the public debt, except the foreign debt, the unſubſcribed debt, and the three per cent. ſtock.

If the redemption of the preſent ſix per cent. ſtock commence the firſt of January 1796, and the redeeming fund be commenſurate with the whole of the unredeemed ſtock, bearing a preſent intereſt of ſix per cent. and transfer-

able, the revenue ſet free in the year 1818, for operations upon the reſidue of the debt, will be 2,039,394 dollars and 36 cents.

If the redemption of the deferred debt commence the 1ſt of January, 1802, when it may rightfully commence, and the redeeming fund be commenſurate with the whole of that ſtock, unredeemed and transferable, the revenue ſet free in the year 1824, for operations upon the reſidue of the public debt, if any remain, will be 998,307 dollars and 9 cents.

The revenue, ſet free by theſe ſucceſſive redemptions, would be ſufficient to redeem the whole of the preſent foreign debt in ſix years, that is, within a term of 28 years from the propoſed time for commencing the redemption, or the 1ſt of January, 1796; and, after extinguiſhing the foreign debt, would more than diſcharge the whole of the balances to creditor ſtates, and the whole of the unfunded debt in two years more.

If the proceeds of the lands in the weſtern territory ſhould be equal to three millions of dollars, and the three per cent. ſtock can be purchaſed at an average of twelve ſhillings in the pound, that fund would ſuffice to pay off the principal of the three per cent. ſtock, in ſomething more than twenty-five years.

It follows, that if the force of the ſinking fund be rendered equal, excluſive of the proceeds of the ſales of weſtern lands, to the redemption of the preſent unredeemed transferable ſtock, commencing the firſt of January, 1796, as to that bearing a preſent intereſt of ſix per centum; and the firſt of January, 1802, as to that bearing a future intereſt of ſix per centum; and, if the proceeds of the ſales of weſtern lands, ſhould prove equal to 3,000,000 of dollars, and can be brought into action, for purchaſes of the three per cent. ſtock at the rate above-mentioned, at any time before the year 1801, the whole of the preſent debt of the United States, foreign and domeſtic (the funds appropriated, being during the whole period adequate in productiveneſs, and inviolably applied), would be extinguiſhed in thirty years; and there would then revert to the United States an annual income of 4,535,320 dollars and 89 cents.

Some auxiliary proviſions which will be propoſed may greatly accelerate that reſult.*

On the baſis of the foregoing data, the Secretary of the Treaſury proceeds to ſubmit to the conſideration of Congreſs certain propoſitions which appear to him neceſſary to be adopted to complete our ſyſtem of public credit.—Theſe will be followed by ſome explanatory remarks.

Iſt. PROPOSITION.

That further proviſion be made with regard to the yet unſubſcribed debt of the United States as follows:

1ſt. Further time to be given until the end of the year 1795 to ſubſcribe the ſame to the loan propoſed by the funding act;—with liberty to the holders to ſubſcribe the arrears of intereſt up to that period ſeparately from the principal, reſerving the principal on its original footing,

2d. An appropriation to be made for payment of intereſt on ſo much of the principal (excepting loan office certificates bearing intereſt on the nominal value), as at the end of the year 1795 ſhall remain unſubſcribed, *for the term of one year*, according to the rate or rates ſtipulated by the original contracts, and for the payment of ten per centum of the arrears of intereſt thereupon to the ſame end of the year 1795.—This payment to be made on the firſt of January, 1796, at the treaſury, where no particular *place* of payment is ſtipulated, and at ſuch *place* where there is one ſtipulated.

3d. The ſpecie principal of the loan office certificates which bear intereſt on the nominal value together with the arrears of intereſt to be immediately paid off.

IId. PROPOSITION.

That proviſion be made for taking upon loan to the United States, by ſubſcription at the treaſury, the outſtanding and unbarred new emiſſion bills of credit; the ſums ſubſcribed to be paid in the principal only of thoſe bills, and the ſtock of the new loan to bear an intereſt of five per cent. per annum, payable quarter yearly at the treaſury, and redeemable at the pleaſure of the

* Theſe reſults are not ſtated with fractional correctneſs, becauſe it is not neceſſary to a ſatisfactory concluſion, and the minuteneſs of the calculation would have demanded more time than can be conveniently ſpared.

United States by payment of the principal, with a ſtipulation to pay the ſame at the expiration of thirty years: The loan to be deemed to commence on the firſt of January, 1796, and to reſt on funds permanently pledged, namely, the permanent revenue.

III. PROPOSITION.

That proviſion be made for converting, by a new loan, the whole of our preſent *foreign* into *domeſtic* debt upon theſe terms (to wit,) that, for any ſum ſubſcribed to the new loan, and paid in the principal of the preſent foreign debt of the United States, there be allowed, in addition to the intereſt now payable upon ſuch principal, the further yearly intereſt of a half per centum, or in lieu thereof, at the option of each ſubſcriber, an equivalent ſum in capital ſtock, bearing an intereſt of five per centum per annum; that the whole intereſt upon the new loan, including that upon the capital ſtock to be given as an equivalent for the additional half per cent. ſhall remain *fixed* until the firſt day of January 1818, at which time, and not ſooner, the principal of the ſaid new loan, including the ſaid capital ſtock given as an equivalent, may and ſhall be reimburſed, except as to ſuch ſubſcribers as may prefer a ſhorter term of reimburſement, who may elect any term not leſs than fifteen years: That the permanent revenues ſhall be and remain firmly pledged for the payment of the intereſt until the reimburſement of the ſaid principal, to be paid quarter yearly as that of the preſent funded domeſtic debt: And laſtly, that the Commiſſioners of the ſinking fund be empowered with the approbation of the Preſident to provide by new loans for the reimburſement of any inſtalment or part of principal of the preſent foreign debt, or of the loan to be made thereupon as aforeſaid, either by direct borrowing, or by ſale in the market of certificates of ſtock, ſo as the ſaid loans, or the ſaid certificate of ſtock, ſhall bear an intereſt not exceeding ſix per centum per annum, and ſhall be liable to reimburſement within a term not exceeding twenty-four years. The intereſt upon the capital reimburſed, and in aid thereof the permanent revenues, to be pledged for the intereſt upon the loans or ſtock to be made or created by virtue of the ſaid power.

IV. PROPOSITION.

That the temporary duties on Imports be made co-extenſive in duration

with thoſe now permanent, and be appropriated in like manner; and that the reſervation of 600,000 dollars annually out of the duties on imports and tonnage, for the ſupport of the Government of the United States, and their common defence, be poſtponed 'till after the appropriations for the intereſt of the funded debt, foreign and domeſtic, including the new loans to be made thereupon, and for the SINKING FUND.

V. PROPOSITION.

That the following proviſions be added to thoſe heretofore made for reimburſing and redeeming the debt of the United States.

1ſt. To direct by Law that ſo much of the ſurplus of the duties on imports and tonnage, to the end of the year 1790, as ſhall remain uninveſted in purchaſes on the 1ſt day of January 1796, ſhall be ſo inveſted, one fourth part within the month of April, another fourth part within the month of July, another fourth part within the month of October in that year, and the remainder within the month of January 1797.

2d. To exonerate the FUND eſtabliſhed by the act intitled "An act ſupplementary to the act making proviſion for the debt of the United States."—Paſſed the 8th of May 1792, from the payment of the rate per annum which by the 4th ſection of the act of the 12th of Auguſt 1790, intitled "An act making proviſion for the reduction of the Public Debt", is reſerved on account of the principal and intereſt of the monies authorized by that act to be borrowed for purchaſes of the debt; charging the intereſt of the money ſo borrowed upon the revenue from imports and tonnage.

3d. To appropriate to the SAME FUND *ſo much* of the revenue from imports and tonnage as, *together with the other monies now conſtituting the fund, and which ſhall accrue to it by virtue of the foregoing proviſions*, ſhall be ſufficient *from year to year*, with the intereſt redeemed, to pay the ſums which may of right be annually paid on account of the principal of ſuch funded Stock, as on the 1ſt day of January 1796 ſhall bear an intereſt of ſix per centum per annum, excluding that which ſhall ſtand to the credit of the commiſſioners of the Sinking fund—and that which ſhall ſtand to the credit of particular States, on account of the balances reported in their favor by the Commiſſioners for ſettling accounts between the United States, and individual States;—to continue ſo appropriated until the whole of the ſaid funded ſtock ſhall be

redeemed, and thenceforth until the whole reſidue of the preſent debt of the United States, foreign and domeſtic, funded and unfunded, ſhall be redeemed and diſcharged.

4th. To appropriate to the SAME FUND the *dividends* on the ſtock of the Bank of the United States belonging to the United States, reſerving, from time to time, *ſo much thereof* as may be neceſſary to pay *intereſt* on *what ſhall remain unpaid* of the loan had of the ſaid Bank purſuant to the 11th ſection of the act of incorporation, and alſo *ſo much* of the duties on imports and tonnage as, *together with thoſe dividends* (deducting what may be neceſſary to pay intereſt) ſhall be ſufficient, *from year to year*, to pay off the inſtalments of the ſaid loan hereafter to become due, and as (the ſaid inſtalments being paid) together with any other monies which, on the 1ſt day of January 1802, may belong to the ſaid fund, not otherwiſe appropriated, ſhall be ſufficient, from year to year, with the intereſt redeemed, to pay the ſums which may of right be annually paid, on account of the principal of ſuch funded ſtock as at the expiration of the 1800 ſhall begin to bear an intereſt of ſix per cent. per annum—excluding that which ſhall ſtand to the credit of the Commiſſioners of the SINKING FUND, and that which ſhall ſtand to the credit of particular ſtates on account of the balances reported in their favour by the Commiſſioners for ſettling accounts between the United States and individual ſtates; to continue ſo appropriated until as well the laſt mentioned ſtock as the inſtalments of the loan aforeſaid, ſhall be redeemed and diſcharged, and thenceforth until the whole reſidue of the preſent debts of the United States, foreign and domeſtic, funded and unfunded, ſhall be redeemed and diſcharged.

5th. To continue the appropriation to the SAME FUND of the *Intereſt* of the ſtock, which ſhall be redeemed by virtue of the foregoing proviſions (when the full redemption in each caſe is completed) until the *whole* of the PRESENT DEBT of the United States, foreign and domeſtic, funded and unfunded, ſhall be redeemed by reimburſement, purchaſe, or otherwiſe.

6th. To provide for carrying to the ſame fund, agreeably to the appropriation in the funding act, the proceeds of the ſales of lands of the United States in the weſtern territory, to be applied according to the ſaid appropriation.

7th. To appropriate to the *ſame fund*, to be employed for the purpoſes

thereof, all monies which ſhall be received from debts due to the United States, antecedent to the preſent Conſtitution.

8th. To provide, that the ſurpluſſes of all the current revenues of the United States, which ſhall remain at the end of any calendar year beyond the amount of the appropriations charged upon them, and which during the ſeſſion of Congreſs commencing next thereafter, ſhall not be otherwiſe ſpecially appropriated, ſhall be carried to the FUND AFORESAID, to be appropriated to the purpoſes thereof.

9th. To provide for paying annually, out of the SAID FUND, the ſum which may be rightfully paid in each year, towards the redemption of the funded ſtock, which does or ſhall bear an intereſt of ſix per centum, per annum, excluding that which ſhall ſtand to the credit of the Commiſſioners of the ſinking fund, and that which ſhall ſtand to the credit of particular States, on account of the balances reported in their favor by the Commiſſioners for ſettling accounts between the United States, and individual States; commencing the redemption of that bearing a preſent intereſt on the firſt of January 1796, and of that to bear intereſt after the year 1800, on the firſt of January 1802; and pledging, in the firmeſt manner, the faith of the United States to the Creditors thereof, that the SAID FUND ſhall be inviolably applied to the purpoſe of the ſaid redemption, and afterwards to the redemption by purchaſe, payment, or otherwiſe, of the whole reſidue of the PRESENT DEBT of the United States, foreign and domeſtic, funded and unfunded, until the ſame ſhall be fully redeemed and diſcharged, the ſaid fund and the intereſt from time to time liberated to be veſted in the Commiſſioners of the ſinking fund as property in truſt for the redemption of the debt until it ſhall be completed.

Provided always, that whenever THE FUND ſhall be more than ſufficient for paying off, as they accrue, the remaining inſtalments of the ſaid loan had of the Bank of the United States, and for the complete and final redemption of the whole of the aforeſaid ſtock, bearing and to bear an intereſt of ſix per cent. according to the right reſerved for that purpoſe, and alſo for the payment of the inſtalments of the preſent foreign debt, or of ſuch new loans as may be made thereupon, purſuant to the IIId propoſition, and alſo for the reimburſement, purchaſe, or redemption of the reſidue of the preſent debt of the United States within the term of thirty years, it ſhall be lawful for Congreſs, if at war with any foreign European power, to apply ſo much of the

exceſs as they may think *fit*, the ſaid exceſs being certified by the Commiſſioners of the SINKING FUND, towards the expences of ſuch war; excepting always ſo much of the ſaid exceſs as may be requiſite to fulfil any contracts, which ſhall have been entered into by the Commiſſioners of the ſinking fund, purſuant to the powers veſted in them: and PROVIDED that no *ſecond* application of any ſuch *exceſs* ſhall derogate from the fund *once reſerved* for the redemption by payment or purchaſe of the ſaid reſidue of the debt within the ſaid term of thirty years.

10th. To provide that all reimburſements of the capital of the Public Debt, foreign and domeſtic, and of the remaining inſtalments of the aforeſaid loan of the Bank of the United States, be made under the ſuperintendence of the Commiſſioners of the ſinking fund, empowering them, with the approbation of the Preſident of the United States, as the inſtalments of principal become due, to borrow, if neceſſary, the ſums requiſite to pay theſe inſtalments; provided that the ultimate term for the reimburſement of any loan they may make ſhall not exceed twenty-four years—the intereſt thereof to be charged, 1ſt upon the intereſt of the inſtalments which ſhall be reimburſed by means thereof, *except the inſtalments of funded ſix per cent. ſtock.* 2dly. Upon the revenue from impoſts and tonnage to make good any deficiency.

VI. PROPOSITION.

That power be given to the Commiſſioners of the ſinking fund, with the approbation of the Preſident, to borrow, from time to time, ſuch ſums as may be neceſſary in anticipation of the revenues appropriated for the purpoſe, not exceeding in one year one million of dollars, to be reimburſed within a year from the time of each loan: for the payment of the intereſt which ſhall annually accrue on the public debt.

The intereſt upon each loan to be defrayed out of the permanent revenues.

VII. PROPOSITION.

That the internal revenues from ſnuff and refined ſugar, ſales at auction, licences to ſell by retail foreign diſtilled ſpirits and wines, and from carriages for the conveyance of perſons, be continued to the firſt day of January 1800;

and thence until the end of the ſeſſion of Congreſs next thereafter; and that the reimburſement of the principal of the loan of 1,000,000 of dollars authorized to be borrowed for defraying the expences of foreign intercourſe, be charged upon this fund.

VIII. PROPOSITION.

That in regard to any ſum, which ſhall have remained *unexpended* upon any appropriation, other than for the payment of the intereſt of the funded debt, and for the purpoſes of the ſinking fund, for more than two years after the end of the calendar year in which the act of appropriation ſhall have been paſſed, ſuch appropriation ſhall be deemed to ceaſe and determine, and the ſum unexpended upon it ſhall be carried to an account to be denominated "THE SURPLUS FUND." But no appropriation ſhall be ſo deemed to have ceaſed or determined till after the year 1795, unleſs it ſhall appear to the Secretary of the Treaſury that the object of ſuch appropriation has been fully ſatisfied, in which caſe it ſhall be lawful for him to cauſe to be carried the unexpended reſidue thereof, to the account aforeſaid.

IX. PROPOSITION.

That proviſion be made that all PRIORITIES heretofore eſtabliſhed in the appropriations for the funded debt, as between the different parts of the ſaid debt ſhall after the year 1796 ceaſe, with reſpect to all Creditors of the United States, who do not before the expiration of the ſaid period ſignify their diſſent therefrom; and that thenceforth, with the exception only of the debts of thoſe Creditors who ſhall ſo ſignify their diſſent, the revenues charged with theſe appropriations, ſhall conſtitute a common or conſolidated fund, chargeable indiſcriminately, and without priority.

X. PROPOSITION.

That proviſion be made for calling in all outſtanding Loan Office Certificates, Certificates called final ſettlements, and Indents of intereſt, and for iſſuing in lieu of them other Certificates of equivalent tenor; eſtabliſhing that all which ſhall not be preſented for exchange within the term of two years, ſhall be barred.

REMARKS upon the 1ſt Propoſition.

The experiment has now been fully tried, and with nearly complete ſucceſs, of the diſpoſition of the Public Creditors to accept the terms offered by the funding act. Thoſe who ſtill decline have probably made a final election to abide by their original contracts.

It remains to fulfil them as to the future. This the moral obligation of the contracts, the new and peremptory ſanction given to them by the preſent Government, and the eſſential maxims of Public Credit unite to demand: And while theſe cogent motives, affecting intimately the permanent character, and general intereſt of the United States, recommend the meaſure, there is now no longer any inducement from ſituation to procraſtinate.

The preſent advanced ſtate of the National Finances, and the inconſiderable magnitude of the ſtill unſubſcribed debt, render it of little, if of any, conſequence to obtain upon it the temporary accommodation of deferring the payment of a part of the intereſt *accruing* according to contract. This motive apart, and conſidering the approximation of the period when the payment of intereſt on the deferred debt is to commence, the chance of benefiting by a fall of the market rate of intereſt incident to a proviſion for the debt on the terms of the contract, which makes it redeemable at pleaſure, may be found more advantageous to the Government, than the partial poſtponement of intereſt incumbered with an abridgement of the right of redemption.

To thoſe who ſhould not rightly appreciate this circumſtance, it might ſeem an objection, that the proviſion propoſed would place thoſe creditors who had not conſented to accommodate the government upon a better footing than thoſe who had ſo conſented.

But a ſcruple of this kind is over-ruled by ſeveral conſiderations—1ſt. It is not improbable that a conſiderable proportion of thoſe who may not have accepted the terms offered by the funding act, are executors and other truſtees who may have doubted their power to accept.

2d. Giving the fulleſt force to the fact which is the ground of the objection, it is one of thoſe caſes in which the general principles that conſtitute the permanent happineſs of ſociety, give the leſs meritorious advantages over

the more meritorious—All the Creditors had a right to conform or not—Thoſe who have not done it have only uſed their right, and it cannot be matter of objection or prejudice to them—To delay *indefinitely* a proviſion for their claims according to the contract, is to annihilate the contract.

The complying Creditors cannot with propriety complain:—They were informed unequivocally that the propoſal of a new loan was referred to their free choice, that the rights of thoſe who did not aſſent would remain unimpaired, and compenſations were offered in the new contracts for the ſurrender of the old.—A plea that an ultimate proviſion was not relied upon could not be admitted,—becauſe it would be to convert a diſtruſt of the faith of the Government into an argument againſt its being obſerved towards thoſe who had depended upon it.

But the complying Creditors actually received valuable conſiderations for the modification of their claims: Inſtead of annual proviſion for their intereſt, which alone their contracts as they ſtood previous to the funding act required, they have had it ſecured by adequate funds permanently mortgaged for its payment.

Inſtead of the ſtipulated annuity being redeemable at pleaſure whenever a fall in the market rate of intereſt ſhould render it advantageous to pay off the principal, it has acquired a more fixed character by the relinquiſhment of the right of the Government to redeem, except in certain proportions, and a capacity to increaſe in capital value, by a declenſion of the market rate of intereſt—Inſtead of receiving their intereſt in one payment at the end of a year, they receive it in quarter yearly portions, which makes it in fact 6.15 per centum.

On the firſt point, it has been argued that ſuppoſing a ſteady preſervation of its faith by the Government, it is indifferent to the Creditor whether his demand ſtands upon the baſis of an annual proviſion, or upon that of mortgaged funds.

This is to ſubſtitute theory to fact. As well, with regard to a Government as to an individual, there is in the nature of things an *intrinſic* difference between the value of a debt bottomed on *mortgaged* funds, and that of a debt reſting on what is called in the one caſe, and may be called in the other, *perſonal* ſecurity. The degree of this difference, and ſome of the circum-

ſtances on which it depends, may be different in two caſes, but the reality of its exiſtence can be denied in neither.

Government being adminiſtered by men is naturally like individuals, ſubject to particular impulſes, paſſions, prejudices, vices; of courſe to inconſtancy of views and mutability of conduct.

A kind of property, of which the eſſence is contract, muſt neceſſarily therefore be more or leſs valuable, becauſe more or leſs ſecure, in proportion as it is little or much within the influence of that inconſtancy or that mutability.

If a proviſion is to be made by a new reſolution every year, that reſolution being always liable to be effected by momentary circumſtances is always caſual. If made once for all, it continues, of courſe, unleſs revoked by ſome poſitive act, and has for that reaſon a moral certainty of ſtability. But why, it may be aſked, if a diſpoſition unfaithful to the public engagements, or unfriendly to public credit ſhould exiſt; would it not operate to produce a violation of a proviſion made as well as to prevent the making of one?

The two things are widely different. To *undo*, which is to *act*, and in ſuch a caſe *to act with violence*, requires more enterprize and vigour, and pre-ſuppoſes greater energy, or a ſtronger impulſe than *not to do*, or to forbear to act. This is particularly true where a number of wills is to concur. Many men who will not rouſe to the effort, or encounter the reſponſibility of doing miſchief by poſitive acts, will readily enough ſlide into it by a negative conduct, that is, by omitting to act. Many men, merely from eaſineſs of temper, or want of active fortitude, will ſuffer evil to take place, which they neither deſire, nor would themſelves commit. In collective bodies *votes* are neceſſary to ACTION, abſences may produce INACTION. It often happens, that a majority of voices could not be had to a reſolution to undo or reverſe a thing once done, which there would not be a majority of voices *to do*.

This reaſoning acquires tenfold force when applied to a complex government like ours, that is, to a government diſtributed into departments, acting through different organs, which muſt concur to give it motion; as in our Conſtitution the Houſe of Repreſentatives, the Senate, and the Preſident.

In delicate and difficult caſes, whether to iſſue in good or ill, a ſuſpenſion of action is far more natural to ſuch a government than action. It can hardly

happen, that all the branches or parts of it can be infected at one time with a common paſſion or diſpoſition, manifeſtly inimical to juſtice, and the public good; as to proſtrate the public credit by revoking a pledge given to the Creditors. It is far more probable that ſuch a diſpoſition ſhould at one time poſſeſs one part, at another time another part. Poſſeſſing either part it might be ſufficient to obſtruct a proviſion which was to be made. Without poſſeſſing all the parts, it could not ſubvert one which had been made. The laſt can ſcarcely be ſuppoſed, except in one of thoſe extraordinary criſis of nations which confound all ordinary calculations.

Hence the value of property in public debt, which reſts on ſpecified and competent funds, firmly pledged for the ſatisfaction of the Creditor, is intrinſically greater, and to a conſiderable extent, than that of property in public debt which depends on annual proviſion.

Hence too, a Creditor to whom ſuch a pledge was not ſtipulated, may be juſtly ſaid to have received a compenſation for the relinquiſhment of a portion of his intereſt.

On the ſecond point, it has been obſerved with leſs plauſibility, that in this country where it would be to the advantage of the Creditor to receive his principal rather than a rate of ſix per cent. intereſt, the abridgement of the right of redemption is of no value.

1ſt The propoſition is not univerſally true.

It depends on the particular ſituation of a Creditor, whether it be his intereſt to be reimburſed his principal or not. It is believed, owing to the impunctuality of collections, that in no part of the United States does fair lending at private intereſt upon real ſecurity nett ſix per cent.

2d. As far as it is true, it does not authoriſe the inference which is drawn: Becauſe the Creditor cannot demand his principal when it ſuits him; but muſt wait till it is convenient to the Government to pay. This convenience might not exiſt till there was a fall in the market rate of intereſt, and then it would not be the intereſt of the Creditor to receive. Unable to exact the principal when he pleaſes, it is a material point gained to be able to arreſt the hand of the Government from paying him, when it is his intereſt not to receive.

It is evident that whenever the rate of intereſt to which he is intitled ſhall exçeed the market rate, if he cannot be obliged to receive back his principal,

or take the market rate, his ſtock muſt riſe in value in proportion to the difference, and the degree of its duration.

Nor is an idea which has been entertained juſt, that this advantage is remote and contingent ; to accrue only to thoſe who may be holders at the time of the fall of intereſt, at the expence of thoſe who were holders when the funding act paſſed ; many of whom, as is alledged, having been obliged to alienate, then or ſhortly after, ſuffered loſs in the ſale, from the poſtponement of a part of their intereſt, without benefiting by the ſuppoſed equivalents.

The fairneſs of an equivalent ought never to be teſted by the neceſſities of particular individuals—It ought to be eſtimated by the general principles of value; by the natural and real operation of things. Admitting therefore the ſuggeſtion as to ſuch individuals to be true, it would decide nothing.

But it is not true. The permanency of a high rate of intereſt and poſſibility of a future riſe of the capital above par, by a fall of the market rate below the ſtipulated rate, were to the firſt holders of the ſtock circumſtances of preſent value.

Foreigners, eſpecially, whoſe purchaſes would neceſſarily influence the market, would give higher prices for it on theſe accounts.

And when to this are added the *funding* of the new ſtock, and the payment of the intereſt quarter yearly—there is ſolid ground for entertaining an opinion, that the ſtock has from the earlieſt period borne a better price in the market than it would have done, upon the principles of an *annual* payment of ſix per cent. on the whole capital by an *annual* proviſion.

This opinion would be confirmed, if we ſhould take as a guide what actually happened in one or more of the States, which made annual proviſion for the payment of intereſt upon their debts at the ſtipulated rate of ſix per cent. With this proviſion the market price of their ſtock rarely exceeded $33\frac{1}{3}$ per centum.

It is probable that greater confidence in the ability and conſtancy of views of the Government of the United States might have given greater value to their ſtock in a like ſituation. But it is not to be doubted that it would have felt, in a great degree, a ſimilar effect of that ſituation.

This may not appear with reſpect to the *ſmall* amount of unſubſcribed debt now to be provided for, and *with the advantage of a confirmation of confidence by experience.* But it could not have failed to have been very apparent, if the whole debt had been provided for on this plan.

Theſe obſervations ſerve to render it probable that the Creditors who have accepted the terms offered by the Government have not been injured by the acceptance—that if they had now an option to change their ground for that which is propoſed for non-ſubſcribers, it would be an ill judged choice in them to do it, and that upon theſe, as well as other accounts, they will have no cauſe to be diſſatisfied with the propoſals under conſideration.

Let it be added, that whether the non-ſubſcribers ſhall fare better or not by that propoſal than the ſubſcribers, it is the intereſt of all the public creditors upon principle and precedent, that the public faith ſhould be preſerved towards them.

But at the ſame time, every conſideration connected with the queſtion urges that nothing more ſhould be done for non-ſubſcribers than is poſitively due to good faith—Accordingly the propoſition contemplates that their debt ſhall not be *funded,* but that proviſion ſhall be annually made.

With regard to *arrears* of intereſt a tenth part only is propoſed to be paid on the firſt of January 1796.—At this rate they would be paid off in ten years.

In ſtrictneſs, they ought to be immediately diſcharged, but to have done this on the whole debt would have been impracticable—to do it on what now remains unſubſcribed would not only be unequal, but would, at the preſent moment, obſtruct arrangements which are conducive to the general intereſts of the Creditors. The caſe of a *large arrear* of intereſt ariſing from the inability of the Government which contracted the principal Debt, which is the preſent caſe, is liable to ſome peculiar conſiderations.

The ſtate of the Treaſury in ſucceeding years will enable Congreſs to decide how far the payment can be accelerated.—In the mean time the Creditors have an option to ſeparate thoſe arrears from the principal, and to fund them at three per cent. as has been done generally with regard to intereſt.

A difference is made in the ſpecial caſe of the Loan Office Certificates

which by contract are intitled to an intereſt of ſix per cent. on the nominal principal, redeemable only by payment of the ſpecie principal.

This is too diſadvantageous a footing for the Government.

The alternative moſt convenient at preſent is to pay off the Debt which is propoſed. To elude this contract would be to ſacrifice a very great principle to a very little intereſt. The amount will be ſeen in the ſtatement A.

REMARKS on the IId Propoſition.

The Certificates, or bills of Credit, called New emiſſion Money, were emitted purſuant to a reſolution of Congreſs of the 18th March 1780, which directs them to be emitted upon the funds of individual States, to bear an intereſt of five per centum per annum, payable in ſpecie at the redemption of the bills, or at the election of the Holder, *annually at the Continental Loan Offices, in ſterling bills drawn by the United States upon their Commiſſioners in Europe*, and pledges the faith of the United States for the payment of the ſaid Bills, *in caſe any State on whoſe funds they ſhould be emitted ſhould by the events of war be rendered incapable to redeem them*; directing alſo an indorſement to be made on *each bill* in theſe words, "The United States *inſure* the *payment* of the within Bill, and will draw Bills of Exchange for the intereſt annually if demanded, according to a reſolution of Congreſs of the 18th of March 1780."—

Theſe reſolutions, and the indorſement upon the Bills, engage the abſolute promiſe of the United States for the payment of the intereſt indefinitely, and their eventual gurantee of the principal, in caſe any State on whoſe funds the Bills ſhould be emitted ſhould by the events of war be rendered incapable to redeem them;—which is in effect, though not in form, an abſolute guarantee of the principal; for the United States are bound to pay the intereſt *perpetually* 'till that is diſcharged.

Good faith demands that the United States ſhould ſupply the omiſſions of the States which iſſued the Bills, by providing themſelves, at leaſt for the intereſt upon them.

But it is not as eaſy to pronounce on what terms they ought to be provided for.

On their face, and according to the *unrevoked* reſolutions of Congreſs, they are of ſpecie value equal to their nominal amount, and bearing five per cent. intereſt.

But it is known, that they were *iſſued* by different States at different inferior values fixed by *previous laws*.

The true nature of the contract therefore, *in fact*, and the true equity of the caſe, are from theſe circumſtances involved in ſome queſtion.

A compromiſe by a new agreement ſeems the beſt road out of the difficulty.

This is the aim of the propoſition, which, it is hoped, will in the main reaſonably conſult all intereſts.

There have been ſpecial references of this ſubject to the Secretary; but he purpoſely declined a report 'till the expiration of the term limited by the act entitled "An act relative to Claims againſt the United States not barred by any act of limitation, and which have not been already adjuſted." Paſſed the 12th of February 1793, had obviated a danger to which the buſineſs was expoſed:—It is now aſcertained that the amount for which the United States ſhall be in future liable, is ninety thouſand five hundred and ſeventy four dollars. The ſums ſubſcribed to the loan will of courſe be a charge againſt the States which reſpectively iſſued the bills.

REMARKS on the IIId Propoſition.

The payment of intereſt and inſtalments of principal of our foreign debt in the countries where it was contracted is found by experience to be attended with difficulty, embarraſſment, ſome loſs, and a degree of caſualty which occaſionally puts in jeopardy the National Credit. Loans for reimburſement of principal, muſt be made beforehand as the market ſuits, and neceſſarily involve double intereſt for a greater or leſs time.

The procuring of Bills to be remitted for payment of intereſt cannot be depended upon in coincidence with the periods of payment, which, cooperating with diſtance, renders inconvenient anticipations neceſſary.

The remitting in commodities would be liable to other caſualties, and to ſome peculiar objections; and whatever mode be adopted, it may be frequently not practicable to depoſit in ſeaſon the neceſſary funds on the ſpot without great ſacrifices.

If therefore the place of theſe payments could with conſent of the Creditors, upon an equitable indemnification to them for the transfer, be changed to the United States, the operation would be in various lights be-

neficial.—It has occurred that the preſent poſture of the affairs of Europe might favor a plan of this kind, and perhaps produce ſome collateral advantages. Under this idea an experiment is recommended.—The propoſed augmentation of Intereſt is intended as an indemnification for the expence and hazard of agencies in this Country, delays in remittance, inconveniencies of diſtant negociation, renunciation of the facilities which attend the receipt of Intereſt at home, riſks of loſs by exchange, *&c.*—and is calculated on a liberal ſcale in order to induce an acceptance of the propoſition.

If inſtead of an increaſe of Intereſt, the option of an equivalent be given by way of premium in ſtock bearing an Intereſt of five per cent. it would have attractions for certain Creditors, and would facilitate the ſucceſs of the meaſure. On ſtrict calculation the equivalent would be 6 dollars and 58 cents. per 100 dollars of the principal ſubſcribed.

It is not perceived that the intereſts of the United States could ſuffer by allowing the alternative. The *fixing* of the rate of intereſt by poſtponing the reimburſement to the year 1818 would alſo be a powerful inducement: And 'till the period of reimburſement arrives, any ſurplus of the ſinking fund which may exiſt can be inveſted in purchaſes, ſo as to prevent the progreſs of the Fund being arreſted.

It could not be neceſſary to obſerve, except for the ſake of diſpelling jealouſy or apprehenſion on the part of the Creditors, that while the plan is in experiment, and afterwards with regard to all who do not embrace it, every thing is to proceed as heretofore, and as the contracts reſpecting the debt require.

The auxiliary propoſition of giving power to the Commiſſioners of the ſinking fund to remit Certificates for ſale, is founded upon a belief, that that operation will ſometimes be practicable where direct loans cannot be effected, and will be occaſionally a more beneficial mode of remittance than by Bills of Exchange.

REMARK on the IVth Propoſition.

The object of this propoſition is to give moral certainty to the adequateneſs of the fund for paying the intereſt upon the Debt, and for its ultimate redemption; making a reaſonable allowance for the caſualties to which it is expoſed.

REMARKS on the Vth. Propoſition.

There is no ſentiment which can better deſerve the ſerious attention of the Legiſlature of a Country than the one expreſſed in the Speech of the Preſident; which indicates the danger to every government from the progreſſive accumulation of Debt.

A tendency to it is perhaps the NATURAL DISEASE of all Governments; and it is not eaſy to conceive any thing more likely than this to lead to great and convulſive revolutions of Empire.

On the one hand, the exigencies of a Nation creating new cauſes of expenditure, as well from its own, as from the ambition, rapacity, injuſtice, intemperance, and folly of other Nations, proceed in unceaſing and rapid ſucceſſion.—On the other, there is a general propenſity in thoſe who adminiſter the affairs of Government, founded in the Conſtitution of man, to ſhift off the burden from the preſent to a future day; a propenſity which may be expected to be ſtrong in proportion as the form of the ſtate is popular.

To extinguiſh a Debt which exiſts, and to avoid contracting more, are ideas almoſt always favored by public feeling and opinion; but to pay Taxes for the one or the other purpoſe, which are the only means of avoiding the evil, is always more or leſs unpopular. Theſe contradictions are in human nature.—And the lot of a Country would be enviable indeed, in which there were not always men ready to turn them to the account of their own popularity, or to ſome other ſiniſter account.

Hence it is no uncommon ſpectacle to ſee the ſame men clamouring for occaſions of expence, when they happen to be in uniſon with the preſent humour of the community, well or ill directed, declaiming againſt a Public Debt, and for the reduction of it as an *abſtract theſis*; yet vehement againſt every plan of taxation which is propoſed to diſcharge old debts, or to avoid new by defraying the expences of exigencies as they emerge.

Theſe unhandſome arts throw artificial embarraſſment in the way of the Adminiſtrators of Government; and co-operating with the deſire, which they themſelves are too apt to feel, to conciliate public favor by declining to lay unneceſſary burthens, or with the fear of loſing it by impoſing them with firmneſs—ſerve to promote the accumulation of debt; by leaving that

which at any time exiſts without adequate proviſion for its reimburſement, and by preventing the laying with energy new Taxes where new occaſions of expence occur. The conſequence is, that the Public Debt ſwells 'till its magnitude becomes enormous, and the Burthens of the people gradually increase 'till their weight becomes intolerable. Of ſuch a ſtate of things great diſorders in the whole political œconomy, convulſions and revolutions of Government are a natural offspring.

There can be no more ſacred obligation, then, on the public Agents of a Nation, than to guard with provident foreſight and inflexible perſeverance againſt ſo miſchievous a reſult.—True patriotiſm and genuine policy cannot, it is reſpectfully obſerved, be better demonſtrated by thoſe of the United States at the preſent juncture, than by improving efficaciouſly the very favorable ſituation in which they ſtand, for extinguiſhing with reaſonable celerity the actual debt of the Country, and for laying the foundations of a ſyſtem which may ſhield poſterity from the conſequences of the uſual improvidence and ſelfiſhneſs of its anceſtors :—And which, if poſſible, may give IMMORTALITY to PUBLIC CREDIT.

Fortunately for the firſt object, the circumſtances, in our foreign affairs, which, during the laſt ſeſſion, impelled to an extenſion of the national revenues, have left little more to do than to apply the exiſting means with deciſion and efficacy.

The ſecond object will depend on the eſtabliſhment of wiſe principles in that application ; fitted to become a permanent precedent in the fiſcal ſyſtem of the Country.

The firſt report of the Secretary on the ſubject of the Public Debt, of the 9th of January 1790, ſuggeſts the Idea of "*incorporating* as a *fundamental maxim* in the SYSTEM of PUBLIC CREDIT of the United States, *that the creation of Debt ſhould always be accompanied with the means of extinguiſhment* —that this is the true ſecret for rendering public credit immortal, and that it is difficult to conceive a ſituation in which there may not be an adherence to the Maxim—and it expreſſes "an unfeigned ſolicitude that this may be attempted by the United States, and that they may commence their meaſures for the eſtabliſhment of credit with the obſervance of it.*

* *Note.* It is underſtood that the Parliament of Great Britain has, within the laſt four years, formally adopted, as a *Standing rule*, the principle of *incorporating with the creation of Debt the means*

No opportunity has been loſt by the Secretary, as far as he could contribute to the event, to reduce this principle to practice; and important ſteps towards it have been from time to time taken by the Legiſlature.

But much remains to be done to give it full effect—The preſent ſtate of things encourages and invites to the conſummation of the plan. And the Secretary, about to leave the office he holds, feels it a peculiar duty to make a final effort to promote that invaluable end.

This is the object of the 5th Propoſition, aided by the preliminary proviſions of the 4th. This propoſition aims at two principal points---1. To conſtitute a fund ſufficient, in every ſuppoſable event, for extinguiſhing the whole of the preſent debt of the United States, foreign and domeſtic, in a period not exceeding thirty years.---2. To fix its diſtination unchangeably by not only appropriating it permanently, under the direction of Commiſſioners, and veſting it in them as property in truſt, but by making its faithful application, *a part* of the contract with the Creditors.

As to the firſt point—if the temporary duties on imports be rendered permanent, the annual reſervation of 600,000 Dollars poſtponed—and if the additional appropriations which are propoſed be made to the ſinking fund, its intended force will not only be equal to the effect meant to be produced —but it may be hoped, that there is ſcarcely a caſualty which can reaſonably be taken into calculation, foreign war not excepted, which will occaſion a deficiency in the fund.

The whole amount of the duties on imports and tonnage, and upon domeſtic Diſtilled Spirits and Stills, eſtimated now to amount to 6,079,418 dollars and 58 Cents.—beſides the dividends on Bank Stock, and the items which now compoſe the ſinking Fund, will then be appropriated primarily to the Intereſt upon the public Debt, and to the ſinking Fund, which together, including the deferred Stock, will demand permanently from that Revenue 4,373,839 Dollars and three cents; little more than two thirds of the fund from which they are to ariſe. An expectation may be indulged, that even foreign war, making due allowance for what will always be prac-

of extinguiſhment. How much eaſier muſt the execution of this important principle be to the United States than to a Nation which had before it begun ſo deeply mortgaged its reſources!

May the United States never have to regret hereafter that they poſtponed too long ſo provident a precaution.

ticable through Neutral powers, would not occaſion a defalcation in the revenues greater than the difference.

This competency of the fund is an eſſential idea.

The fulfilment of the object, as far as the uncertainty of human affairs will permit, ought to be ſuperior to caſualty.

The neceſſity of a reliance on auxiliary proviſions, always precarious in thoſe ſituations which affect the productiveneſs of the public revenues, ought to be, as far as practicable, ſuperceded by the ample nature of the original proviſion.

As to the ſecond point—the intent is to ſecure, by all the ſanctions of which the ſubject is ſuſceptible, an inviolable application of the fund according to its deſtination. No expedients more powerful can be deviſed for this purpoſe, than to cloath it with the character of *private property*, and to engage abſolutely the faith of the Government, by making the application of it to the object *a part of the contract with the Creditors*. But is this neceſſary?

Its neceſſity reſts upon theſe cogent reaſons—

The inviolable application of an adequate ſinking fund, is the only practicable ſecurity againſt an exceſſive accumulation of debt, and the eſſential baſis of a permanent national credit.

Experience has ſhewn, in countries moſt attentive to the principles of credit, that a ſimple appropriation of the ſinking fund is not a complete barrier againſt its being diverted when immediate exigencies preſs. The cauſes which have been ſtated with another view, tempt the adminiſtrators of government to lay hold of this reſource, rather than to impoſe new taxes.

This indicates the utility of endeavouring to give, by additional ſanctions, inviolability to the fund.

But will thoſe propoſed anſwer the ēnd? They are the moſt efficacious that can be imagined; and they are likely to be entirely efficacious.

They cannot be diſregarded without, by breach of faith and contract, deſtroying credit, and that at a juncture, when it is moſt indiſpenſable; the emergencies which induce a diverſion of the fund, are thoſe in which loans, and conſequently credit, are moſt needed.

But will it be ſafe to put the fund ſo entirely out of the command of the government? May there not be ſituations, in which the command of it may be requiſite to the ſafety of the ſtate?

This is not conceivable. The amount of the ſinking fund will, in the ſituations which create extraordinary demands for money, be always inconſiderable, compared even with a ſingle year's expenditure. The current revenues of a nation do not in ſuch caſes ſuffice.

Plunder or credit muſt ſupply the deficiency.

The firſt pre-ſuppoſes a ſubverſion of all ſocial order. The ſecond will find its beſt ſupport and greateſt efficacy, in adhering ſteadily to the principles of ſuch a fund. An annuity of ſeven dollars will pay the intereſt upon, and diſcharge a capital of one hundred dollars, bearing ſix per cent. intereſt in thirty-three and one-third years nearly. The ſituation of a country muſt be not a little exhauſted, if it cannot create yearly, by new revenues, during the continuance of a foreign war, an annuity on the above ſcale, ſufficient to fund the loans of which it may ſtand in need. Ten millions of dollars will, with order and œconomy, maintain in this country an army of 50,000 men for a year. Viewing our geographical poſition, is there a proſpect of any war expenſive beyond this ratio? If not, an annuity of 700,000 dollars, created each year of the war, would ſuffice. But it would be wiſe in ſuch an event, to carry taxation, *in the firſt inſtance*, to the full extent of the ability of the ſtate, which would proportionably contract the neceſſity for borrowing, and conſequently, the extent of the annuities neceſſary for loans.

If a nation can find embarraſſment in creating the revenues requiſite on this ſcale, it muſt ariſe from her having reached a ſtage when, from the neglect of the principle now inculcated, the maſs of her debt has become ſo enormous as to ſtrain her faculties, in order to a proviſion for it.

The United States are in a ſituation altogether different. An inſpection of the liſt of their revenues diſcovers that they have a large field of revenue unexplored. Their youth and large tracts of unſettled land, and land in the infancy of improvement, aſſure them a great and rapid increaſe of means.—Even their actual revenues without additions, muſt with the progreſs of the country, conſiderably increaſe. And though war may interrupt—the temporary interruption being removed by the reſtoration of peace, their increaſive productiveneſs ſuſpended for a time muſt reſume its vigour and growth. In a given number of years a conſiderable augmentation is certain.

The government of this country may therefore adopt, fearleſs of future embarraſſment, a principle which being adapted will ultimately furniſh

reſources for future exigencies, without an increaſe of burthen to the community.

To explain this laſt idea—it will readily be perceived that the funds pledged for paying the intereſt, and ſinking the principal of a portion of the debt exiſting or created at a particular time, will, within a certain period, extinguiſh that portion of debt.

They will then be liberated, and will be ready for any future uſe, either to defray current expenditures, or be the baſis of new loans, as circumſtances may dictate; and after a courſe of time it is a reaſonable preſumption that the funds ſo ſucceſſively liberated will be adequate to new exigencies as they occur.

Moreover the laſt clauſe of the propoſition authoriſes the deriving aid from the ſinking fund for new loans, whenever the ſtate of the funds admits of it conſiſtently with the accompliſhment of the purpoſes; that is, when it is ſufficient. 1ſt. To make good the ſtipulated payments on account of the principal of the debt as they accrue. 2d. To purchaſe in the market all that part of the public debt of which there is no ſtipulation of payment by inſtalment (as the three per cent. ſtock) within a period of 30 years.

This, while it ſecures the extinction of the exiſting debt within a reaſonable term, by preventing too great a proportion of the public revenue from being tied up by the ſinking fund, gives due weight to the conſideration of providing for future emergencies.

The ſame conſideration has governed in propoſing (inſtead of the appropriation of a definite ſum out of the revenue from imports and tonnage which, in certain years, would be greater than will be permanently neceſſary), that the ſum to be applied out of that revenue ſhall be ſo much from year to year, as with the other items of the ſinking fund will ſuffice for the objects. It has likewiſe influenced, in poſtponing the redemption of that ſtock which ſtands to the credit of certain ſtates in conſequence of the report of the commiſſioners for the ſettlement of accounts.

Every ſyſtem of public credit muſt aſſume it as a fundamental principle, that the reſources of the country are equal to its probable exigencies, and that it will poſſeſs ability to pay the debts which it contracts.

If this be ſo, there is no cauſe to heſitate about the inviolable appropriation of funds to the extinction of an exiſting debt within no leſs term than thirty years.

Indeed, as before intimated, it cannot be doubted that the reſources of a credit, built upon a foundation ſo ſolid as that which is recommended, will more than replace, even in the earlieſt ſtages of our affairs, the uſe of the additional funds withdrawn from the command of the government to effect it, and in the eventual operation will give a more abundant command of fund that it can otherwiſe have. The ſucceſſive liberation of the revenue ſucceſſively pledged, after accompliſhing their object, will afford reſources that may almoſt be ſaid to be inexhauſtable.

It ſhould be recollected too, that the public arrangements may, under a great preſſure, anticipate the approaching period of ſuch a liberation, by intermediate temporary loans to be replaced by thoſe funds when they are free.

This propoſition exemplifies, as to the paſt, the nature of the maxim which has been ſuppoſed capable of giving immortality to credit, namely, that with the *creation* of debt ſhould be incorporated the *means* of extinguiſhment; which means are two fold, the eſtabliſhing *at the time of contracting a* debt, funds for the *reimburſement* of the PRINCIPAL, as well for the *payment* of INTEREST within a DETERMINATE PERIOD. The making it A PART OF THE CONTRACT, that FUNDS SO ESTABLISHED ſhall be INVIOLABLY applied to the object.

It is believed that it would be happy for the United States, if Congreſs would adopt this principle as a rule in all future loans, never to be departed from; and a good evidence of this determination will be to apply it, as far as may be, to the paſt.

This would be at the ſame time an antidote againſt what may be pronounced the moſt plauſible objections to the ſyſtem of *funding* public debts; which are, that by facilitating the means of ſupporting expence, they encourage to enterpriſes which produce it, and by furniſhing in credit a ſubſtitute for revenue, likely to be too freely uſed to avoid the odium of laying new taxes, they occaſion a tendency to run in debt.

Though theſe objections to funding ſyſtems, which giving the greateſt poſſible energy to public credit, are a great ſource of national ſtrength, ſecuri-

ty, and proſperity, are very ſimilar to thoſe which ſpeculative men urge againſt national and individual opulence, drawn from its abuſes; and though perhaps upon a careful analyſis of facts they would be found to have much leſs ſupport in them than is imagined, inaſmuch, as they attribute to thoſe ſyſtems effects which are to be aſcribed more truly to the paſſions of men, and perhaps to the genius of particular governments; yet, as they are not wholly unfounded, it is deſirable to guard as far as poſſible againſt the dangers which they ſuppoſe, without renouncing the advantages which thoſe ſyſtems undoubtedly afford. It will readily be ſeen that the maxim for making current proviſions for the principal, as well as intereſt, in the act of contracting debt, if by *precedent and habit* it can be rendered a RULE OF ADMINISTRATION, by implicating a greater portion of the revenue in every ſuch operation than would be requiſite for a mere proviſion for intereſt, will controul proportionably the diſpoſition to defer the burthen to futurity, and create a greater neceſſity for circumſpection in incurring expence.

This is probably the true expedient for uniting a due regard to the preſent accommodation of the community with a due care not to overburthen poſterity, the full energy of public credit, with a ſalutary reſtraint upon the abuſes of it.

To this explanation of the general principles of the Vth. propoſition, it may be proper to add ſome brief notes on particular parts of it.

It is propoſed that the redemption of the preſent ſix per cent. ſtock ſhall commence the firſt of January 1796. This time of commencement is recommended by ſeveral reaſons.

1ſt. It ought to be ſuch as to admit of ſufficient notice to the diſtant creditors.

2d. It will conduce to order, to date the commencement of every new pecuniary operation where there is an option, and no particular reaſon to the contrary, with the commencement of the natural year.

3d. The moment of payment preſuppoſes that the fund for the annuity to be paid has actually accrued which will only be at the end of the preſent year.

4th. The ſmall delay by not forcing the means will facilitate the future execution.

It is a part of the plan to make proviſion for reimburſing the remaining

inſtalments of the two million loan had of the bank of the United States purſuant to the act of incorporation.

The preceding inſtalments have been reimburſed out of the proceeds of foreign loans. This reſource cannot in future be relied upon; and for ſuch a purpoſe it is not as elegible as a domeſtic one, though circumſtances have hitherto dictated a recurrence to it.

By making the dividends on the ſtock auxiliary for this purpoſe to the revenue from taxes, the object is effected with little more than half the ſum from that revenue, and in the end a fund is formed from the dividends, which, with a ſmall addition, ſuffices for the redemption of the deferred ſtock.

As theſe inſtalments are yearly falling due, and muſt be paid as they accrue, it is eſſential that a proviſion for them be contemplated in the general arrangement requiſite to the completion of our ſyſtem of credit. There is, perhaps, no eaſy alternative to what is propoſed, except the ſale of the ſtock, but waving other weighty conſiderations againſt ſuch a meaſure, it is in the view of a true œconomy, liable to the moſt ſolid objections.

It is morally certain that the dividends on the ſtock will increaſe, and the value of the capital from this and collateral cauſes, more than proportionably. There is no momentary urgency to induce the relinquiſhment of this future advantage.

To ſell at preſent would be to abandon the difference without neceſſity. It cannot be expedient in a government to part with a capital, which, *at the time*, produces as great or a greater revenue than can be realiſed from the proceeds of a ſale however inveſted, and which has an inherent tendency to *future* augmentation.

The meaſure too would be to renounce, or leſſen, a moſt convenient reſource for forming the redeeming fund of the deferred ſtock.

It is propoſed to carry the proceeds of the ſales of the weſtern lands to the ſinking fund.

This is to execute the intention of the funding act, which has not organiſed the mode of application, and it has the advantage of combining in one ſyſtem all the proviſions for extinguiſhing the debt.

It is propoſed that all ſurplus of revenue ſhall, at a certain time, be carried to the uſe of the ſinking fund. This is to extend and give *effect* to a principle which has already received the legiſlative ſanction; it was neceſſary to fix a

time when the appropriation of the ſurplus ſhould become abſolute, and that this ſhould be conſiſtent with a due opportunity to provide for the exigencies of the public ſervice.

Both theſe conſiderations have been conſulted. The meaſure has beſides reference to a more ſpeedy redemption of the debt than it appears prudent to attempt by an *abſolute appropriation* of more extenſive funds. And the legiſlators of the preſent day would be entitled to the laſting gratitude of their country, if they would extend this auxiliary reſource, by all the means which are conſiſtent with a due regard to the cotemporary accommodation of their conſtituents.

It is propoſed to authoriſe the commiſſioners of the ſinking fund to provide by new loans for the reimburſement of the inſtalments which from time to time accrue. This is on the ground that it is eſſential to the perfection of the ſyſtem of redemption, that all the means of ultimate execution ſhould be organized in it, and that there ſhould be no need of future proviſions. The laſt clauſe of the propoſition excepts from its operation, the intereſt on the ſix per cent. ſtock. This is becauſe that intereſt is deſtined to form the accumulations for paying the ſucceſſive inſtalments of the principal of that ſtock, which increaſe each year in a ratio to the intereſt liberated.

The ſtatement E. exhibits the courſe of the ſinking fund as propoſed to be eſtabliſhed.

Remarks on the VIth. *Propoſition.*

This will be a uſeful and important proviſion. It has reference to a circumſtance repeatedly adverted to, the long credits given upon the principal branches of revenue; from which it happens that though the *fund itſelf*, or the *product* of the revenue, is more than adequate to an appropriation, yet the receipts upon it come too ſlowly into the treaſury to anſwer the end without anticipation by temporary loans. Its propriety depends on the principal ſuggeſted under the laſt head of having all the means of complete execution organiſed in the ſyſtem of public credit.

Remarks on the VIIth. *Propoſition.*

It is a good rule of caution that no more of the public revenues ſhould be rendered permanent, than is neceſſary to give moral certainty to the proviſions which may be regarded as the pillars of public credit.

This idea will, it is believed, be ſatisfied by giving permanency to the now temporary duties on imports.

Accordingly it is only propoſed to extend the duties mentioned in the propoſition to the year 1800, and thence to the end of the next enſuing ſeſſion of Congreſs; which is on the ground that they ought to be commenſurate in duration with the objects which they are to accompliſh, and no more.

It has been already noticed that they are at preſent chargeable, together with the temporary duties on imports laid in the laſt ſeſſion with an appropriation of 1,292,137 dollars and 38 cents. and with the intereſt of one million of dollars authorized to be borrowed with a view to foreign intercourſe, having a ſpecial eye to an object very intereſting to the commerce and feelings of the United States.

This buſineſs wants a further arrangement, ſtanding at preſent upon a vague and inefficient footing. The reimburſement of the loan is not adequately provided for, neither is the intereſt; this being predicated on funds, which, in their preſent form, would probably expire after a product of two years. According to the IVth. propoſition the temporary duties on imports after the above-mentioned appropriation of 1,291,137 dollars and 38 cents. ſhall have been ſatisfied, will become permanent, and permanently charged with the intereſt on the public debt, the ſinking fund, and the annual reſervation of 600,000 dollars for the ſupport of government.

If the duties mentioned in the 6th propoſition are continued till the firſt of January 1800, and the reimburſement of the principal of the loan, as well as the intereſt, is referred to them, two good purpoſes will be anſwered, the obtaining the loan will be facilitated, and its complete reimburſement will be effected within the term allotted, without an augmentation of the *permanent* debt of the country. This makes allowance for fulfilling the appropriation for the current ſervice already charged upon this fund.

It is preſumed to be a concluſive reaſon in favour of the propoſition, that it aims at preventing an increaſe of permanent debt.

If ſervices of this kind when the United States are at peace (at leaſt with civilized powers) are made cauſes of permanent loans, the progreſs of new debt will eaſily exceed the extinction of old.

It appears deſirable that there ſhould be a ſteady effort, *as a rule of adminiſtration*, not to increaſe the permanent debt of the country by permanent

loans, except when it is inevitable by the exiſtence of a war with ſome European power.

The comparative view of revenue and expenditure (ſtatement F) eſtabliſhes ſatisfactorily, that theſe duties cannot be diſpenſed with, unleſs there be a ſubſtitute, if the redemption of the public debt is to proceed in earneſt; and it is believed that there cannot be deviſed objects of revenue more proper in themſelves, nor more generally acceptable to the people. Whatever intereſted parties may alledge, it ſeems ſelf-evident that there can hardly be a reaſonable queſtion, except, as to the beſt mode of collection. The objection, that part of them fall on manufactures, has no weight; the manufactures on which they fall are *complete luxuries*, and *completely eſtabliſhed*; conſequently fit objects of revenue. The increaſed duties on the rival foreign articles, and the credit allowed for the duties upon the domeſtic articles, are a full protection to the manufactures. Whatever may be the appearances in the infancy of the tax, it is certain, in principle, that it will finally fall on the conſumer as generally as duties on imported commodities.

Remarks on the VIIIth. *Propoſition.*

This is to terminate an embarraſſment which has been experienced. Appropriations are frequently made for objects, the extent of which is not preciſely known, or in a degree caſual.—To leave them indefinite as to time, is ſometimes to tie up unneceſſarily a portion of the public funds, which may, ultimately, not be wanted at all for the purpoſe of the original appropriation.

It will do away the inconvenience, and promote perſpicuity in the treaſury accounts of appropriations, if an ultimate period is fixed, when each appropriation ſhall be deemed to have ceaſed. Should further appropriations appear neceſſary for the ſame objects, new eſtimates can be preſented, and new appropriations made.

The deſignating an account with a denomination known in the laws, to which the ſurpluſſes are to be carried, will facilitate future legiſlative diſpoſitions of the reſulting fund.

It is, however, eſſential to the ſyſtem of public credit, that this ſhould be with the exceptions contained in the propoſition.

Remarks on the IXth. *Propoſition.*

This propoſition is calculated to give ſimplicity to the public accounts of ſtock and revenue, which will conduce to correctneſs, diſpatch, and œconomy. As the revenues are manifeſtly more than adequate to the claims of all the creditors, they none of them have any intereſt in the diſtinctions that exiſt, and which grew out of the courſe of the buſineſs; and the rights of none of them will be affected, becauſe all who chooſe may continue on their former ground, by ſignifying their diſſent to the preſent plan. It is, however, preſumed that there will be no ſuch diſſent.

Remarks on the Xth. *Propoſition.*

It is important to the fiſcal calculations to aſcertain poſitively the extent of every portion of the public debt. At preſent the amount of *theſe* ſeveral items of it is deduced from accounts of the late war of various officers and offices; in ſome inſtances conducted with little order; there is not, therefore, ſufficient certainty. Indeed, it is probable from the length of time which has elapſed without their appearing, that the computed amount exceeds the real.

Beſides, they are, from their nature, ſubject to forgeries and counterfeits, which implies a danger of loſs to the public till their circulation is finally terminated. The propoſition accordingly, beſides the obtaining of better information, aims at obviating this danger.

Allowing ſufficient time for bringing them in to be exchanged for certificates of equivalent tenor, while it is a meaſure tending to public information and ſecurity it can be liable to no reaſonable objection on the part of the creditors.

The Secretary of the Treaſury has reſerved for the concluſion of this Report, a propoſition, which appears to him of great importance to the public credit, and which, after ſome preliminary obſervations, will be offered to conſideration.

It relates to the right of taxing the public funds, and to that of ſequeſtering them in time of war.

A propoſition on either of theſe points, would have been deemed ſuperfluous, had there never been diſcuſſions aſſerting a right to do the one and the other, and even the expediency of exerciſing that right. The *negative* of both the pretenſions, from the habit of regarding *it* as incapable of being diſputed, had acquired, in the mind of the Secretary, ſo much the force of an axiom, as to have precluded even the mention of the ſubject in the plan in which he originally ſubmitted for funding the public debt.

He ſhould otherwiſe have thought it an indiſpenſable duty to ſuggeſt, as a matter of primary conſequence to the ſyſtem of credit contemplated in the plan; the expreſs renunciation of thoſe pretenſions; for they are, as he believes, not only unwarranted by principle or uſage, but entirely ſubverſive of the ſound maxims of public credit.

A perſuaſion that this would always be a *truth granted* in the councils of the United States, is his apology for the omiſſion.

Even now he ſhould think it uſeleſs to depart from his ſilence on the point, had not the diſcuſſions alluded to, created ſome alarm, in places where all the circumſtances are not well underſtood, which it is the intereſt of the country to diſpel.

The confidence juſtly to be repoſed in the collective wiſdom of this government forbids the ſuppoſition by one acquainted with its conſtitution, that the ſecurity of the creditor can need, in this particular, a further ſanction. It is preſumed to be impoſſible, that any *final* act can ever give ſo deep a wound to the national intereſt and character, as to derogate from a principle, which may be placed among the moſt ſacred in the adminiſtration of a government.

Is there a right in the government to tax its own funds?

The pretence of this right is deduced from the general right of the legiſlative power *to make all the property of the ſtate contributory to it exigencies.*

But this right is obviouſly liable to be reſtricted by the *engagements* of the *government*; it cannot be juſtly exerciſed in contravention of them. They muſt form an exception.

It will not be denied, that the general right in queſtion could, and would

be abridged by an expreſs promiſe not to tax the funds. This promiſe, indeed, has not been given in terms—but it has been given in ſubſtance.

When an individual lends money to the ſtate, the ſtate ſtipulates to repay him the principal lent, with a certain intereſt, or to pay a certain intereſt indefinitely, till the principal is reimburſed; or it ſtipulates ſomething equivalent in another form. In our caſe, the ſtipulation is in the ſecond form.

To tax the funds is manifeſtly either to *take* or to *keep back* a portion of the principal or intereſt *ſtipulated to be paid.* To do this, on whatever pretext, is *not to do what is expreſsly promiſed.* It is not to pay that preciſe principal, or that preciſe intereſt, which has been engaged to be paid.

It is therefore to violate the promiſe given to the lender.

But is not the ſtipulation to the lender, with a tacit reſervation of the general right of the legiſlature to raiſe contributions on the property of the ſtate?

This cannot be ſuppoſed, becauſe it involves two contradictory things; an *obligation to do*, and a *right not to do*; an obligation *to pay a certain ſum*, and a *right to retain it in the ſhape of a tax.* It is againſt the rules both of law and reaſon to admit by *implication*, in the conſtruction of a contract, a principle which goes in deſtruction of it.

The government, by ſuch a conſtruction, would be made to ſay to the lender:—" I want a ſum of money for a national purpoſe, which all the citizens ought to contribute proportionably, but it will be more convenient to them and to me, to borrow the money of you; if you will lend it, I promiſe you faithfully to allow you a *certain rate* of intereſt, while I keep the money, and to *reimburſe the principal*, within a determinate period; *except ſo much of the one and the o her, as I may think fit to withhold in the ſhape of a tax.*"

Is ſuch a conſtruction either natural or rational? Does it not in fact nullify he promiſe, by the reſervation of a right not to perform?

Is it to be preſumed without being expreſſed, that ſuch can be the underſtanding of a lender, when he parts with his money to a government?

The contrary is ſo much the more preſumable, that nothing ſhort of an expreſs reſervation can ſupport the pretenſion to tax the fund.

It may be replied, that the creditor might be willing to rely upon the

equity of government not to abuſe its right by exacting from him exceſſive contributions.

This, if true, does not obviate the difficulty of ſuppoſing the co-exiſtence of an *obligation* and a *right* deſtructive the one of the other, in interpreting the ſenſe of a contract, when nothing of the kind is ſaid.

It is *poſſible* that a creditor might be willing ſo to contract, yet it is ſtill neceſſary in order to determine that he has done it, to find ſome proviſions or expreſſions in the contract indicating the intention;—to render what is ſtipulated compatible with what is reſerved.

But it is not probable that an individual would be willing to lend upon ſuch terms. He would juſtly apprehend, that in great emergencies a *right* having no *limit*, but the *opinion* of the party poſſeſſed of the *power*, would be abuſed, and that the convenience of laying hold of a fund already prepared, and at hand, ſupported by a claim of right, would be a temptation to abuſe, not eaſy to be reſiſted. However well diſpoſed to contribute in common with his fellow citizens on all the ordinary objects of property or income, he would be unwilling to ſubject himſelf to a ſpecial burthen in the peculiar character of creditor of the ſtate; he would prefer to employ his money in other ways; even to lend it to private perſons, where it might be more likely to eſcape the hand of the fiſcal power.

Let the queſtion be tried by another analyſis.

Public debt can ſcarcely in legal phraſe be defined either *property in poſſeſſion* or in *action:* It is evidently not the firſt, till it is reduced to poſſeſſion by payment. To be the ſecond, would ſuppoſe a *legal power* to *compel* payment by *ſuit*; does ſuch a power exiſt?

The true definition of public debt is *a property ſubſiſting in the faith of the government.* Its eſſence is promiſe; its definite value depends upon the reliance that the promiſe will be definitely fulfilled. Can the government rightfully tax its promiſes? Can it put its own faith under contribution? where or *what* is the value of the debt, if ſuch a right exiſt?

Suppoſe the government to contract with an individual to convey to him a hundred acres of land upon the condition of paying an hundred dollars. When he came to pay the hundred dollars, and demand his title, could the government require of him to pay fifty more as a tax upon the land, before

it would conſent to give him the title? Who would not pronounce this to be a breach of contract, a fraud, which nothing could diſguiſe?

This caſe is parallel with that under examination; with circumſtances that fortify the right of the lending creditor.

The government agrees with him, that for one hundred dollars which he delivers to the government, it will deliver to him at the end of each year ſix dollars.

Here the ſix dollars *to be delivered* anſwer to the land *to be conveyed*, with this ſtronger ground of right, that the conſideration for them has actually been given and received, yet when the creditor comes to demand his ſix dollars, he is told that he cannot have them, except with the reſervation of one dollar, as a tax upon the ſix, or that he cannot have them except upon the condition of returning one dollar as that tax? What is this but to ſay, that his title to the money in this caſe, as to the land in the other, muſt depend upon his paying or allowing a *further* conſideration for it, not contemplated in the contract? Can there be a doubt, that this alſo would be a breach of contract—a fraud?

The true rule of every caſe of property founded on contract with the government is this;—It muſt firſt be reduced into poſſeſſion, and then it will become ſubject in common with other ſimilar property to the right of the government to raiſe contributions upon it. It may be ſaid that the government may fulfil this principle by paying the intereſt with one hand, and taking back the amount of the tax with the other. But to this the anſwer is; that to comply truly with the rule, the tax muſt be upon all the money of the community, not upon the particular portion of it which is paid to the public creditors; and it ought, beſides, to be ſo regulated, as not to include a *lieu* of the tax upon the fund. The creditor ſhould be no otherwiſe acted upon than as every other poſſeſſor of *money*; and conſequently the money he receives from the public, can then only be a fit ſubject of taxation, when it is entirely ſeparated and thrown undiſtinguiſhed into the common maſs; a different practice would amount to an evaſion of the principle contended for, and to oppreſſion.

A rent or annuity liable before it paſſes, or in the act of paſſing, or at the moment of paſſing from one proprietor to another, to a deduction or

drawback, at the pleaſure of the party from whom it is to paſs, as an imaginary thing, deſtitute both of ſhape and ſubſtance.

When a government enters into contract with an individual, it depoſes as to the matter of the contract, its conſtitutional authority, and exchanges the character of a legiſlator for that of a moral agent, with the ſame rights and obligations as an individual. Its promiſes may be juſtly conſidered as excepted out of its *power to legiſlate*, unleſs in aid of them, it is in theory impoſſible to reconcile the two ideas of a *promiſe which* obliges with a *power to make a law which can vary the effect of it*. This is the great principle, that governs the queſtion, and abridges the general right of the government, to lay taxes by excepting out of it a ſpecies of property which ſubſiſts only in its promiſe.

There are perſons who, admitting the general rule, conceive a diſtinction to exiſt between a tax upon the funds, which muſt be paid at all events, and a tax upon the alienation of them, which will only be paid when they are transferred from one to another. The latter they think juſtifiable, becauſe it is in the option of the creditor to avoid the tax by avoiding the alienation, but the difference between the two caſes is only a difference in the degree of violation.

The ſtock in its *creation* is *made transferable*, this quality conſtitutes a material part of its value, and the exiſtence of it is a part of the contract with the government; which has undertaken itſelf to conduct the operation of transferring by its own officers, and conſequently at its own expence. It is as completely a breach of contract to derogate from this quality in diminution of the value of ſtock, by incumbering the transfer with a charge or tax, as it is to take back, in the ſame ſhape, a portion of the principal or intereſt; it is obvious too, that this may be carried ſo far as eſſentially to deſtroy the transferable capacity. But what is a tax upon transfers other than the faculty of taking away from the actual proprietor of ſtock, a portion of his principal, whenever his intereſts, or his neceſſities, demand a transfer, in derogation from the full enjoyment of the right to transfer, and from the expreſs promiſe of the government to pay to him or his alliance! For it is upon the ſeller, not upon the buyer, that ſuch a tax will fall. And where is the ſubſtantial difference on the ground of contract between this and a direct tax upon

the fund itſelf? The value of it is as certainly impaired by the one as by the other.

But ſhall the proprietor of money in the funds then be exempt from his proportion of the burthens which other citizens bear?

This will not be the conſequence of the principle. As a conſumer of which his income is the inſtrument, he will pay his proportion of the taxes on conſumption. As a holder of any other ſpecies of property procured by that income or otherwiſe, which is liable to a tax, he muſt alſo contribute his proportion.

But without undue refinement, the lender of money to the public may be affirmed to have paid his tax when he lends his money. Relying upon the engagement of the government expreſs or implied that he will receive what is promiſed him, without defalcation, he is content with a leſs intereſt than he would take if ſubject to any ſuch defalcation, and eſpecially if it was to be arbitrary as to its extent; in this lower rate of intereſt he may be truly ſaid to pay his tax, or to purchaſe an exemption from it. Here alſo we find what is deciſive on the point of expediency.

If the government had a right to tax its funds, the exerciſe of that right would coſt much more than it was worth. The money lender would exact exorbitant premiums, not only as an indemnification for the uſe which the government might probably make of its right, and which in practice would be likely to be qualified by ſome regard to equality of contribution, but as an equivalent for inſurance againſt the riſk or poſſibility of a more extenſive uſe.

Hence the government would be likely to pay much more in premiums upon its loans than it would draw back in taxes, and the former being ſuppoſed but equal to the latter, there would be no advantage in exerciſing the right.

But it will be perhaps more ſafe to affirm that there would be no borrowing at all upon ſuch terms. The firſt precedent of a tax upon the funds might be expected to compel the government to an expreſs renunciation of the right in every future loan. Solid capitaliſts would not be much inclined to adventure their money upon ſo precarious a footing as is implied in a power of taxing their credits.

Theſe reflections lead readily to an eſtimate of the impreſſions which would be produced by the example of an impoſition on the funds—Regarded either as a poſitive breach of contract, or as a deviation from the maxims of credit, the effect upon it would be nearly equally fatal—Whatever might be excuſed to a time of revolution, to a defect of means, or to ſome extraordinary peculiarity of ſituation—no excuſe would be admitted for a *deliberate* departure from principles; at a time too of National proſperity, in a flouriſhing ſtate of our finances, after the foundations of a regular ſyſtem had been laid. The departure would argue an incorrectneſs, an inſtability, or a depravity of views, calculated to give a laſting ſhock to credit; the United States muſt, henceforth, tread with the moſt cautious ſtep.

A renunciation of the right, in future, might not ſpeedily heal the wound, which an example of its exerciſe had given. Durable ſuſpicions might faſten on the wiſdom or the integrity of the government; which might occaſion to it no inconſiderable loſs and embarraſſment, before a courſe of contrary experience could obliterate them.

The right of a government to ſequeſter, or confiſcate property in its funds, in time of war, involves conſiderations analogous to thoſe which regard the right of taxing them.

Whether the foreigner be, himſelf, the original lender, or the proprietor of ſtock, in its conſtitution *transferable without diſcrimination*, he ſtands upon equal ground with the Citizen—he has an equal claim on the faith of the government. In the ſecond caſe, as the ſubſtitute of the original lender, the promiſe made attaches immediately upon him. Indeed, the certificates which iſſue upon every transfer, and which may be called the public bonds, deſignate him as the creditor, and expreſsly inveſt him with the correſpondent rights.

To ſequeſtrate, or confiſcate the ſtock, is as effectually a breach of the contract to pay, as to abſorb it by a tax: It is to annihilate the promiſe, under the ſanction of which the foreigner became a proprietor.

But does not the general right of war, to ſeize and confiſcate enemy property, extend to property of the citizens of one nation in the funds of another—the two nations being at war with each other?

Reſorting to principle as the guide, this queſtion may, on ſolid grounds, be anſwered in the negative.

The right to ſeize, and confiſcate, individual property in national wars, excludes all thoſe caſes where the individual derives his title from the enemy, ſovereign, or nation: For the right to property alway simplies the right to be protected and ſecured in the enjoyment of that property: And a nation, by the very act of permitting the citizen of a foreign country to acquire property within its territory, whether to lands, funds, or to any other thing, tacitly engages to give protection and ſecurity to that property, and to allow him as full enjoyment of it as any other proprietor; an engagement which no ſtate of things between the two nations can juſtify.

Though politically right, that in wars between nations, the property of private perſons which depend on *laws of their own country*, or on *circumſtances foreign to the nation with which their own is at war*, ſhould be ſubject to ſeizure, and confiſcation, by the enemy nation: Yet it is both politically and morally wrong, that this ſhould extend to property *acquired under the faith of the government, and the laws of that enemy nation.*

When the government enters into a contract with the citizen of a foreign country, it conſiders him *as an individual, in a ſtate of nature, and contracts with him as ſuch.* It does not contract with him as *the member of another ſociety*—the contracts, therefore, with him, cannot be affected by his political relations to that ſociety. War, whatever right it may give over his other property, can give none over that which he derives from thoſe contracts—the character in which they are made with him, the faith pledged to him perſonally, virtually exempt it.

This principle, which ſeems critically correct, would exempt as well the INCOME, as the CAPITAL of the property. It protects the uſe, as effectually as the thing. What, in fact, is property, but a fiction, without the beneficial uſe of it? In many caſes, indeed, the income or annuity is the property itſelf; and, though general uſage may controul the principle, it can only be as far as the uſage clearly goes—It muſt not be extended by analogy.

Some of the moſt approved publiciſts, admitting the principle, qualify it with regard to the income of lands, which they ſay may be ſequeſtered "to hinder the remittance of it to the enemy's country."

But the ſame authority affirms, that a ſtate at war "does not *ſo much as touch* the ſums which it owes to the enemy. *Every where*, in caſe of a war, funds credited to the public, are *exempt* from confiſcation and SEIZURE." Theſe expreſſions clearly exclude ſequeſtration, as well as confiſcation.

The former, no leſs than the latter, would be inconſiſtent with the declaration, that a ſtate at war does not *ſo much as touch* the ſums which it owes to the enemy; and that funds credited to the public, are exempt from SEIZURE:—And on full enquiry, it is believed, that the ſuggeſtion, thus underſtood, is founded in fact.

Uſage, then, however it may deviate in other particulars, in reſpect to public funds, concurs in pronouncing, that they cannot rightfully be ſequeſtered in time of war.

The uſages of war ſtill favour too much of the ferocious maxims of the times when war was the chief occupation of man. Enlightened reaſon never would have pronounced, that the perſons, or property, of a foreigner found in a country at the breaking out of a war between that country and their own, were liable to any of the rigours which a ſtate of war authoriſes againſt the perſons and goods of an enemy.—It would have decreed to them an inviolable ſanctuary, in the faith of thoſe permiſſions and thoſe laws by which themſelves, and their property, had come under the juriſdiction where they were found: It would have rejected the treachery of converting the indulgencies, and even rights, of a previous ſtate of amity, into ſnares for innocent individuals.

Happily, however, the practice of latter times has left ſeveral of theſe maxims little more than points of obſolete doctrine—they ſtill retain their rank, in theory, but uſage has introduced ſo many qualifications, as nearly to deſtroy their operation.

This appears from the acknowledgments of writers, from the barreneſs of modern hiſtory, in examples of the application of thoſe doctrines; from the opinions known to be generally current in Europe; and from a variety of articles which are conſtant formulas in the treaties of the preſent century.

The United States are, every way, intereſted in the mitigation of the rigor of the ancient maxims of war—they cannot better demonſtrate their wiſdom, than by moderation in this reſpect. Particularly intereſted in

maintaining, in their greateſt purity and energy, the principles of credit, they cannot too ſtrictly adhere to all the relaxations of thoſe maxims which favour the rights of creditors. No temporary advantage can compenſate for the evils of a different courſe of conduct.

Credit, public and private, is of the greateſt conſequence to every country. Of this, it may be emphatically called, the invigorating principle.

No well informed man can caſt a retroſpective eye over the progreſs of the United States, from their infancy to the preſent period, without being convinced, that they owe, in a great degree, to the foſtering influence of Credit, their preſent mature growth.

This credit has been of a mixed nature—mercantile and public; foreign and domeſtic. Credit abroad was the trunk of our mercantile credit, from which iſſued ramifications that nouriſhed all the parts of domeſtic labour and induſtry. The bills of credit, emitted from time to time, by the different local governments, which paſſed current as money, co-operated with that reſource. Their united force quickening the energies, and bringing into action the capacities for improvement of a new country, was highly inſtrumental in accelerating its growth.

Credit, too, animated and ſupported by the general zeal, had a great ſhare in accompliſhing without ſuch violent expedients, as generating univerſal diſtreſs, would have endangered the iſſue that revolution of which we are ſo juſtly proud, and to which we are ſo greatly indebted.

Credit, likewiſe, may, no doubt, claim a principal agency in that increaſe of national and individual welfare, ſince the eſtabliſhment of the preſent government, which is ſo generally felt and acknowledged, though the cauſes of it are not as generally underſtood.

It is the conſtant auxiliary of almoſt every public operation—has been an indiſpenſable one in thoſe meaſures by which our Frontiers have been defended; and it would not be difficult to demonſtrate, that in a recent and delicate inſtance, it has materially contributed to the ſafety of the ſtate.

There can be no time, no ſtate of things, in which credit is not eſſential to a nation; eſpecially while nations, in general, continue to uſe it as a reſource in war. It is impoſſible for a country to contend, on equal terms, or to be ſecure againſt the enterpriſes of other nations, without being able, equally with them, to avail itſelf of this important reſource. And, to a

young country, with moderate pecuniary capital, and not a very various induſtry, it is ſtill more neceſſary, than to countries more advanced in both —a truth not the leſs weighty for being obvious, and frequently noticed.

Public credit has been well defined, to be "a faculty to borrow, at pleaſure, conſiderable ſums on moderate terms; the art of diſtributing over a ſucceſſion of years, the extraordinary efforts indiſpenſable in one; a mean of accelerating the prompt employment of all the abilities of a nation, and even of diſpoſing of a part of the overplus of others."

This juſt and ingenious definition condenſes to a point the principal arguments in favour of public credit, and diſplays its immenſe importance.

Let any man conſult the actual courſe of our pecuniary operations, and let him then ſay, whether credit be not eminently uſeful. Let him imagine the expence of a ſingle campaign, in a war with a great European power, and let him then pronounce, whether credit would not be indiſpenſable. Let him decide, whether it would be practicable at all, to raiſe the neceſſary ſum by taxes within the year: And let him judge, what would be the degree of diſtreſs and oppreſſion which the attempt would occaſion to the community—He cannot but conclude, that war, without credit, would be more than a great calamity—would be ruin.

But credit is not only one of the main pillars of the public ſafety—it is among the principal engines of uſeful enterpriſe, and internal improvement. As a ſubſtitute for capital, it is little leſs uſeful than gold or ſilver, in agriculture, in commerce, in the manufacturing and mechanic arts.

The proof of this needs no laboured deduction. It is matter of daily experience in the moſt familiar purſuits. One man wiſhes to take up, and cultivate a piece of land; he purchaſes upon *credit*, and in time pays the purchaſe money out of the produce of the ſoil improved by his labour. Another ſets up in trade—in the *credit* founded upon a fair character, he ſeeks, and often finds, the means of becoming a wealthy merchant. A third commences buſineſs as a manufacturer or mechanic, with ſkill, but without money: 'Tis by *credit* that he is enabled to procure the tools, the materials, and even the ſubſiſtence of which he ſtands in need, 'till his induſtry has ſupplied him with capital; and even then he drives from an eſtabliſhed and increaſing credit, the means of extending his undertakings.

Among the circumſtances which recommend credit, and indicate its im-

portance in the whole ſyſtem of internal exertion and amelioration, it is impoſſible to paſs, unnoticed, its unqueſtionable tendency to moderate the rate of intereſt—a circumſtance of infinite value in all the operations of labour and induſtry.

If the individual capital of this country has become more adequate to its exigencies than formerly, 'tis becauſe individuals have found new reſources in the public *credit*, in the funds to which *that* has given value and activity. Let public credit be proſtrated, and the deficiency will be greater than before. Public and private credit are cloſely allied, if not inſeperable—there is, perhaps, no example of the one being in a flouriſhing, where the other was in a bad, ſtate. A ſhock to public credit would, therefore, not only take away the additional means which it has furniſhed, but, by the derangements, diſorders, diſtruſts, and falſe principles which it would engender and diſſeminate, would diminiſh the antecedent reſources of private credit.

The United States poſſeſs an immenſe maſs of *improveable matter*—the developements of it, continually going on, may be ſaid to enlarge the field of improvement as it progreſſes: And, though the active capital of the country has, no doubt, conſiderably increaſed, it is probable that it does not bear, at preſent, a *much* greater proportion to the objects of employment, than it has done at any former period. Credit, upon this hypotheſis, of every kind, is nearly as neceſſary to us now, as it ever was—But, at leaſt, it may be affirmed, with abſolute certainty, that to a country ſo ſituated, credit is peculiarly uſeful and important.

If the United States obſerve with delicate caution the maxims of credit, as well towards foreigners as their own citizens, in connexion with the general principles of an upright, ſtable, and ſyſtematic adminiſtration, the ſtrong attractions which they preſent to foreign capital will be likely to enſure them the command of as much as they may want in addition to their own for every ſpecies of internal amelioration—Can it be doubted that they would derive from this, in a courſe of time, advantages incomparably greater than any however tempting, that could partially reſult from a diſregard of thoſe maxims, or from the exerciſe of a queſtionable right, which ſhould even appear to derogate from them?

Credit is an *entire thing*. Every part of it has the niceſt ſympathy with every other part. Wound one limb, and the whole Tree ſhrinks and decays.

The ſecurity of each creditor is inſeparable from the ſecurity of all Creditors—The boundary between foreigner and citizen would not be deemed a ſufficient barrier againſt extending the precedent of an invaſion of the rights of the former to the latter—The moſt judicious and cautious would be moſt apt to reaſon thus, and would only look for ſtronger ſhades of apparent neceſſity or expediency to govern the extenſion--And in affairs of Credit, the opinion of the judicious and cautious, may be expected to prevail.—Hence the Government, by ſequeſtering the property of foreign citizens in the public funds at the commencement of a War, would impair at leaſt, if not deſtroy that credit, which is the beſt reſource in War.

'Tis in vain to attempt to diſparage Credit, by objecting to it its abuſes—What is there not liable to abuſe or miſuſe?

The precious metals, thoſe great ſprings of labour and induſtry, are alſo the miniſters of extravagance, luxury, and corruption. Commerce, the nurſe of agriculture and manufactures, if over-driven, leads to bankruptcy and diſtreſs—A fertile ſoil, the principal ſource of human comfort, not unfrequently begets indolence and effeminacy—Even Liberty itſelf, degenerating into licentiouſneſs, produces a frightful complication of ills, and works its own deſtruction.

'Tis wiſdom in every caſe to cheriſh what is uſeful, and guard againſt its abuſe—'Twill be the trueſt policy in the United States to give all poſſible energy to public credit, by a firm adherence to its ſtricteſt maxims, and yet to avoid the ills of an exceſſive employment of it, by true œconomy and ſyſtem in the public expenditures, by ſteadily cultivating peace, and by ſincere, efficient, and perſevering endeavors to diminiſh preſent debts, prevent the accumulation of new, and ſecure the diſcharge, within a reaſonable period, of ſuch as it may be matter of neceſſity to contract—'Twill be wiſe to cultivate and foſter private Credit, by an exemplary obſervance of the principles of public Credit, and to guard againſt the miſuſe of the former by a ſpeedy and vigorous adminiſtration of Juſtice, and by taking away every temptation to run in debt founded on the hope of evading the juſt claims of Creditors.

As an honorable evidence of this diſpoſition, and with a view to quiet the alarms which have been excited, and to ſilence forever a queſtion which can never be agitated without ſerious inconvenience,

The Secretary of the Treaſury in the laſt place reſpectfully ſubmits—

That there be an expreſs renunciation by Law of all pretenſion of right, to tax the public funds, or to ſequeſter at any time, or on any pretext, the property which foreign citizens may hold therein.

This renunciation is the more eſſential with regard to the object of the third propoſition, as the Amſterdam and Antwerp Loans already include an equivalent ſtipulation which the proprietors would be unwilling to relinquiſh without a ſimilar ſtipulation in the new Loan.

In the commencement of this Report it was the intention to ſubmit ſome propoſitions for the improvement of the ſeveral branches of the public Revenue, but it is deemed adviſeable to reſerve this part of the ſubject for a future communication.

All which is reſpectfully ſubmitted.

ALEXANDER HAMILTON,

SECRETARY of the TREASURY.

TREASURY DEPARTMENT, JANUARY 16, 1795.

STATEMENT of the Domeſtic Debt of the UNITED STATES, on December 31ſt 1794.

	Amount of Principal of unfunded Debt.		Six per cent Stock.		Deferred Stock		Three per cent Stock.		Total Amount.	
	Dollars.	Cents	Dollars.	Cents	Dollars.	Cents	Dollars.	Cents	Dollars.	Cents
Funded Domeſtic Debt excluſive of balances due to creditor States and the amount of ſaid ſtock which had been purchaſed or redeemed on the laſt day of December 1794	- - -		17,912,138	01	8,538,228	97	12,275,347	55	38,725,714	53
Funded Domeſtic Debt to the credit of States, in purſuance of the act of Congreſs of May 31, 1794	- - -		2,345,056	-	1,172,528	-	703,516	80	4,221,100	80
Funded Domeſtic Debt purchaſed and redeemed to the laſt of December 1794	- - -		668.700	38	752,190	64	415,415	66	1,836,306	68
Total of Funded Domeſtic Debt	- - -		20,925,894	39	10,462,947	61	13,394,280	01		
Funded Aſſumed Debt excluſive of what had been purchaſed or redeemed on the laſt day of December 1794	- - -		7,908,374	19	3,940,608	96	5,994,115	70	17,843,098	85
Funded Aſſumed Debt which had been purchaſed or redeemed on the laſt day of December 1794	- - -		212,462	04	119,808	88	96,444	97	428,715	89
Total of Funded Aſſumed Debt	- - -		8,120,836	23	4,060,417	84	6,090,560	67		
Total of Funded Domeſtic Debt on the laſt day of December 1794	- - -		29,046,730	62	14,523,365	45	19,484,840	68	63,054,936	75
Debt due to Foreign Officers, for the payment of which proviſion has been made, and which will paſs to the credit of the Sinking Fund										
Principal being	186,988.23									
Intereſt from January 1ſt 1788 to December 31ſt 1790	22,438.58									
	- - -		186,988	23	- - -		22,438	58	209,426	81
Regiſtered Debt on the books of the Treaſury on which Dividends have been made	- -	167,816	40	111,877	60	55,938	80	30,806	95	198,623	35
Ditto, on which no Dividends have been made	- - - -	42,231	69	28,154	46	14,077	23	17,737	31	59,969	-
Ditto, on the books of Loan Offices	- - - -	4,394	85	2,929	90	1,464	25	2,039	35	6,434	20
Credits on the books of the Treaſury	- - - - -	44,920	95	29,947	30	14,973	65	11,925	64	56,846	59
Loan Office certificates bearing intereſt on a capital of 43,500 dollars, the ſpecie value being no more than	- - - -	27,935	-	18,623	34	9,311	66	7,830	-	35,765	-
Loan Office certificates bearing intereſt on the ſpecie value	- -	305,859	51	203,906	34	101,953	17	55,054	71	360,914	22
Final Settlement certificates payable to bearer, of all kinds	- - -	126,091	-	84,060	67	42,030	33	22,696	38	148,787	38
Indents of Intereſt of all kinds	- - - - -	83,805	-	- - -	-	- - -	-	83,805	-	83,805	-
Unliquidated claims as eſtimated	- - - -	381,269	-	254,179	34	127,089	66	228,761	40	610,030	40
Eſtimated amount of the Domeſtic Debt at the cloſe of 1794, and of the ſtock which will be produced when the whole debt has been funded	- - - -	1,184,323	40	29,967,397	80	14,890,204	90	9,967,936	-	64,825,538	70

COMPTROLLER'S OFFICE, January 9, 1795.

Oliver Wolcott, Comptroller.

Dr. The Government of FRANCE Account Current of Principal with the UNITED STATES. *Cr.*

EPOCH OF SEPTEMBER 3, 1794.

		Livres.	*s.*	*d.*
To balance due to the United States at the close of the year 1793, exceeding the interest and instalments then due - -		2,109,974.	18	2
To payments made at the Treasury to May 15th, viz.				
April 2, -	Dols 350.			
May 15, -	20,000.			
	20,350. *a* 18 15/100 cts.	112,121	4	2
To payments at the Treasury on May 20 and June 4, viz.				
May 20, -	Dols. 622.81			
June 4, -	50,270.			
	50,892.81 *a* do.	280,401.	3	
To payments at the Treasury from September 3d, to October 30th, 1794, at interest from September 3d, when the whole sum was subject to the order of the French minister - -	Dols. 272,250. *a* do.	1,500,000.		
		4,002.497.	5	5

	Livres.	*s.*	*d.*
By the eighth instalment due on September 3d 1794, of the loan of eighteen millions - - -	1,500,000	0	0
By account of interest, for a balance of interest due on the 3d of September, on the remaining part of the loan of eighteen millions	303,406	4	11
Balance due to the United States, on September 3d 1794, arising from payments exceeding the interest and instalments demandable by France to that period - - -	2,199,091	0	6
	4,002,497		

EPOCH OF NOVEMBER 4th, 1794.

To balance due to the United States on September 3d 1794, brought down - - - -		2,199,091	0	6
To payments at the Treasury from November 4th to 13th 1794, to be at interest from November 4th, when the whole sum was subject to the order of the French minister - -	Dols. 181,500 *a* 18 15/100 cts.	1,000,000	0	0
		3,199,091	0	6

By the eighth instalment due on November 4th, 1794, of the loan of ten millions - - - -	1,000,000	0	0
By account of interest, for a balance of interest due on the 4th of November on the remaining part of the loan of ten millions -	102,751	16	0
Balance due to the United States on November 4th 1794, arising from payments exceeding the interest and instalments then demandable by France - - -	2,096,339	4	
	3,199,091	0	6

EPOCH OF DECEMBER 31st, 1794.

To balance due to the United States on November 4th 1794, brought down - - -	2,096,339	4	6
	2,096,339	4	6
To balance due to the United States on December 31st 1794, brought down - - -	1,811,959	7	10

By account of interest, for a balance of interest due on the 31st of December, on the remaining part of the loan of six millions -	284,379	16	8
Balance due to the United States on December 31st 1794, arising from payments exceeding the interest and instalments demandable by France to that period - - - -	1,811,959	7	10
	2,096,339		6

Dr. The Government of FRANCE Account Current of Intereſt with the UNITED STATES. *Cr.*

EPOCH OF SEPTEMBER 3d, 1794.

	Livres.	*s.*	*d.*
To intereſt on the balance due to the United States at the cloſe of the year 1793, being 2,109,974 livres, 18 ſous, and 2 deniers from January 1ſt, 1794, to September 3d following, is 8 months and 2 days, a 4.706 per cent. per annum, being an average of the intereſt payable on the French loans when obtained, -	66,748	11	6
To intereſt on livres 112,121 4 2 being payments at the Treaſury to May 15th, 1794, from May 15th to September 3d, is 3 months and 18 days a 4.706 per cent. per annum, -	1,582	18	5
To intereſt on livres 280,401 3 1 being payments at the Treaſury on May 20th and June 4th 1794, from June 4th to September 3d, is 2 months and 29 days, a 4.706 per cent. per annum, - - - - -	3,262	5	2
To account of principal for the balance of this account, -	303,406	4	11
	375,000	0	0

	Livres.	*s.*	*d.*
By intereſt due on September 2d 1794 on 7,500,000 remaining of the loan of 18,000,000 a 5 per cent. per annum, one year,	375,000	0	0
	375,000	0	0

EPOCH OF NOVEMBER 4th, 1794.

To intereſt on the balance of principal due to the United States on September 3d, 1794, being 2,199,091 livres, and 6 deniers, from September 3d to November 4th, 1794, is 2 months, a 4.706 per cent. per annum,	17,248	4	0
To account of principal for balance of this account, -	102,751	16	0
	120,000	0	0

By intereſt due on November 4th 1794, on 3,000,000 remaining to that period of the loan of 10,000,000 a 4 per cent. per annum, - - - -	120,000	0	0
	120,000	0	0

EPOCH OF DECEMBER 31ſt, 1794.

To intereſt on the balance of principal due to the United States on November 4th, 1794, being 2,096,339 livres, 4 ſous, and 6 deniers from November 4th to December 31ſt 1794, is one month and 27 days, a 4.706 per cent. per annum, -	15,620	3	4
To account of principal for balance of this account, -	284,379	16	8
	300,000	0	0

By intereſt due on December 31ſt, 1794, on the loan of 6,000,000 a 5 per cent. per annum, - - -	300,000	0	0
	300,000	0	0

RESULT on January 1ſt, 1795.

Dr. **The Government of FRANCE in Account Current with the UNITED STATES on January 1ſt, 1795.** *Cr.*

	Livres.	*s.*	*d.*		*Livres.*	*s.*	*d.*
To balance due to the United States on January 1ſt 1795, ariſing from payments exceeding the intereſt and inſtalments demandable by France to that period - -	1,811,959	7	10	By 4 inſtalments of 1,500,000 livres each on the loan of 18,000,000 which will be due on the 2d of September, in the years 1795, 1796, 1797, and 1798, bearing intereſt from September 3d 1794, *a* 5 per cent. per annum -	6,000,000	0	0
Balance due to the French Government on January 1ſt 1795 (excluſive of intereſt on loans per credit) - - -	12,188,040	12	2	By 2 inſtalments of 1,000,000 livres, each on the loan of 10,000,000, which will be due on the 4th of November, in the years 1795 and 1796, bearing intereſt from the 4th of November 1794, *a* 4 per cent. per annum -	2,000,000	0	0
				By 6 inſtalments of 1,000,000 livres each on the loan of 6,000,000 which will be due in the years 1797, 1798, 1799, 1800, 1801, and 1802, bearing intereſt from January 1ſt 1795, *a* 5 per cent. per annum - -	6,000,000	0	0
	14,000,000	0	0		14,000,000	0	

COMPTROLLER'S OFFICE, JANUARY 6th, 1795.

Oliver Wolcott, Comptroller.

STATEMENT of Loans effected at AMSTERDAM and ANTWERP for Account of the UNITED STATES; remaining unpaid on December 31st, 1794.

Guilders.	*Guilders.*		*Amount received Guilders.*	*Amount of Loans at the same Interest. Guilders.*
		Five per cent. Loans effected at AMSTERDAM.		
3,000,000	—	Of the loan of 5,000,000 per contracts of June 11, 1782, at interest from June 1, 1794.	3,000,000	
1,000,000	—	Per contract of June 1, 1787, at interest from June 1, 1794.	1,000,000	
1,000,000	—	Per contract of March 13, 1788, at interest from June 1, 1794.	1,000,000	
	5,000,000	Effected under the late Government.		
3,000,000	—	Per contract of February 1, 1790, at interest from February 1, 1794.	3,000,000	
2,500,000	—	Per contract of March 2, 1791, at interest from March 1, 1794.	2,500,000	
6,000,000	—	Per contract of December 14, 1791, at interest from September 1, 1794.	6,000,000	
1,000,000	—	Being a re-loan of the first instalments due on June 1, 1793, on the loan of 5,000,000 per contracts of June 11, 1782, at interest from June 1, 1794.	1,000,000	
3,000,000	—	Per contract of April 10, 1794, at interest from January 1, 1794.	3,000,000	
	15,500,000	Effected under the present Government.		
		Amount of five per cent. Loans.	—	20,500,000
		Four per cent. Loans effected at AMSTERDAM.		
2,000,000	—	Per contract of March 9, 1784, at interest from February 1, 1794. 2,000,000		
		To which add premiums and gratifications, which will be payable on said loan. 467,500		
	2,000,000	Effected under the late Government.	2,467,500	
3,000,000	—	Per contract of December 24, 1791, at interest from January 1, 1794.	3,000,000	
2,950,000	—	Of a loan of 3,000,000 per contract of Aug. 9, 1792, at interest from June 1, 1794.	2,950,000	
	5,950,000	Effected under the present Government.		
		Amount of four per cent. Loans including premiums and gratifications to amount of 467,500 upon which no interest will be payable if the premiums shall be discharged within six months after having been drawn.	—	8,417,500
		Four and a half per cent. Loan effected at ANTWERP.		
2,050,000	—	Of a loan of 3,000,000 per contract dated November 30, 1791, at interest from December 1, 1794. Of this loan 950,000 have been suppressed.	2,050,000	
	2,050,000	Effected under the present Government.		
		Amount of four and a half per cent. Loan.	—	2,050,000
Guilders.	30,500,000	Amount at interest. Amount to be paid.	Guilders.	30,967,500

COMPTROLLER'S OFFICE, JANUARY 6th, 1795.

Oliver Wolcott, Comptroller.

Guilders.	Guilders.	Five per cent. Loans effected at AMSTERDAM.						
On 4,000,000	- -	Of the loan of 5,000,000 per contracts dated June 11, 1782, at intereſt from June 1, 1793, to June 1, 1794. - -	200,000					
On 1,000,000	- -	Per contract dated June 1, 1787, at intereſt for the ſame period. - -	50,000					
On 1,000,000	- -	Per contract dated March 13, 1788, do.	50,000					
	6,000,000	Effected under the late Government.						
On 3,000,000	- -	Per contract dated Feb. 1, 1790, at intereſt from Feb. 1, 1793, to Feb. 1, 1794. -	150,000					
On 2,500,000	- -	Per contract dated March 2, 1791, at intereſt from March 1, 1793, to March 1, 1794. -	125,000					
On 6,000,000	- -	Per contract dated Dec. 14, 1791, at intereſt from Sept. 1, 1793, to Sept. 1, 1794. -	300,000					
On 1,000,000	- -	Being a re-loan of the firſt inſtalment due on June 1, 1793, on the loan of 5,000,000 per contracts of June 11, 1782, at intereſt from June 1, 1793, to June 1, 1794. -	50,000					
	12,500,000	Effected under the preſent Government.						
		Four per cent. Loans effected at AMSTERDAM.						
On 2,000,000	- -	Per contract dated March 9, 1784, at intereſt from Feb. 1, 1793, to Feb. 1, 1794. -	80,000					
	2,000,000	Effected under the late Government.						
On 3,000,000	- -	Per contract dated Dec. 24, 1791, at intereſt from Jan. 1, 1793, to Jan. 1, 1794. -	120,000					
On 2,950,000	- -	Of a loan of 3,000,000 per contract of Aug. 9, 1792, at intereſt from June 1, 1793, to June 1, 1794. - - -	118,000					
	5,950,000	Effected under the preſent Government.						
		Four and a half per cent. Loan effected at ANTWERP.						
On 2,050,000	- -	Of a loan of 3,000,000 per contract dated Nov. 30, 1791, from Dec. 1, 1793, to Dec. 1, 1794. Of this loan 950,000 have been ſuppreſſed. -	92,250					
	2,050,000	Effected under the preſent Government.						
			1,335,250	-	-	@ 40 Cents,	534,100	
	28,500,000	Commiſſion on payment of intereſt at 1 per cent.	13,352	10	-	do.	5,341	
		Amount, excluſive of poſtage, expences for adverti-ſing, &c. - - Guilders	1,348,602	10	-	or Dollars.	539,441	-

31ſt December, 1794.

									Dollars.	Cents.
20,500,000					Guilders, amount of five per cent. loans effected at Amſterdam			Guilders.	1,025,000	
2,050,000					Guilders, amount of four and a half per cent. loan effected at Antwerp				92,250	
7,950,000					Guilders, amount of four per cent. loans effected at Amſterdam				318,000	
30,500,000					Amount at intereſt					
467,500					Guilders, amount of premiums and gratifications to be paid on a loan of two millions of guilders					
30,967,500					Guilders, amount to be paid for loans effected at Amſterdam and Antwerp					
					Amount of one year's intereſt on the Dutch and Antwerp loans, guilders				1,435.250	574,100
					which at 40 cents. per guilder is					
Livres.	*s.*	*d.*								
12,188,040	12	2			Bal. due to the Fr. Gov. *a* 4.706 per cent. per ann. being an average of intereſt payable on the Fr. loans when obtained			Livres.	573,569 3 9	104,102 80
					which *a* $18\frac{15}{100}$ cents. per livre is					
					Amount of one year's intereſt on the foreign loans as due on the 31ſt of December 1794			Dollars.		678,102 80

STATEMENT of Intereſt payable on the DOMESTIC DEBT.

						Dollars.	Cents.
1ſt.	Intereſt payable by the exiſting contract on the debt as it ſtood on the laſt day of December 1794,						
	on ſix per cent. ſtock	Dollars 29,046,730.62					
	on the original capital of the debt to foreign officers	186,988.23	29,233,718.85 *a* ſix per cent.		1,754,023.13		
	on three per cent. ſtock	19,484,840.68					
	on the intereſt of the capital due to foreign officers, to Dec. 31, 1790	22,438.58	19,507,279.26 *a* three per cent.		585,218.37		
	on the unfunded debt, per ſtatement	1,184,323.40					
	from which deduct indents of intereſt which bear no intereſt	83,805					
	Unfunded debt bearing intereſt		1,100,518.40 *a* ſix per cent.		66,031.10		
	Total of intereſt payable annually by the contract exiſting at the cloſe of the year 1794					2,405,272	60
2d.	Intereſt payable after the year 1800, on the principles of the contract exiſting at the end of 1794						
	on the deferred ſtock exiſting at the end of 1794, being		14,523,365.45 *a* ſix per cent.		871,401.92		
	on the ſix per cent. ſtock as ſtated above		29,233,718.85 *a* ſix per cent.		1,754,023.13		
	on three per cent. ſtock do.		19,507,279.26 *a* three per cent.		585,218.37		
	on the unfunded debt do.		1,100,518.40 *a* ſix per cent.		66,031.10		
	Total of intereſt which would be payable after the year 1800 on the whole domeſtic debt, on the principles of the exiſting contract at the end of 1794					3,276,674	52
3d.	Intereſt which would be payable, if the whole domeſtic debt was ſubſcribed to the loan						
	on ſix per cent. ſtock		29,967,397.80 *a* ſix per cent.		1,798,043.86		
	on three per cent. ſtock		19,967,936 *a.* three per cent.		599,038.08		
	Annual intereſt till the cloſe of the year 1800					2,397,081	94
	Intereſt on deferred debt which becomes ſix per cent. ſtock after the year 1800		14,890,204.90 *a.* ſix per cent.			893,412	29
	Total intereſt which would be payable annually after the year 1800, if the whole debt was ſubſcribed				Dollars.	3,290,494	23

ALEXANDER HAMILTON,
Secretary of the Treaſury.

Guilders.	Guilders.	Five per cent. Loans effected at AMSTERDAM.						
On 4,000,000	- -	Of the loan of 5,000,000 per contracts dated June 11, 1782, at intereſt from June 1, 1793, to June 1, 1794. - -	200,000					
On 1,000,000	- -	Per contract dated June 1, 1787, at intereſt for the ſame period. - -	50,000					
On 1,000,000	- -	Per contract dated March 13, 1788, do.	50,000					
	6,000,000	Effected under the late Government.						
On 3,000,000	- -	Per contract dated Feb. 1, 1790, at intereſt from Feb. 1, 1793, to Feb. 1, 1794. -	150,000					
On 2,500,000	- -	Per contract dated March 2, 1791, at intereſt from March 1, 1793, to March 1, 1794. -	125,000					
On 6,000,000	- -	Per contract dated Dec. 14, 1791, at intereſt from Sept. 1, 1793, to Sept. 1, 1794. -	300,000					
On 1,000,000	- -	Being a re-loan of the firſt inſtalment due on June 1, 1793, on the loan of 5,000,000 per contracts of June 11, 1782, at intereſt from June 1, 1793, to June 1, 1794. -	50,000					
	12,500,000	Effected under the preſent Government.						
		Four per cent. Loans effected at AMSTERDAM.						
On 2,000,000	- -	Per contract dated March 9, 1784, at intereſt from Feb. 1, 1793, to Feb. 1, 1794. -	80,000					
	2,000,000	Effected under the late Government.						
On 3,000,000	- -	Per contract dated Dec. 24, 1791, at intereſt from Jan. 1, 1793, to Jan. 1, 1794. -	120,000					
On 2,950,000	- -	Of a loan of 3,000,000 per contract of Aug. 9, 1792, at intereſt from June 1, 1793, to June 1, 1794. - - -	118,000					
	5,950,000	Effected under the preſent Government.						
		Four and a half per cent. Loan effected at ANTWERP.						
On 2,050,000	- -	Of a loan of 3,000,000 per contract dated Nov. 30, 1791, from Dec. 1, 1793, to Dec. 1, 1794. Of this loan 950,000 have been ſuppreſſed. -	92,250					
	2,050,000	Effected under the preſent Government,	1,335,250	-	-	@ 40 *Cents*,	534,100	
	28,500,000	Commiſſion on payment of intereſt at 1 per cent.	13,352	10	-	do.	5,341	- -
		Amount, excluſive of poſtage, expences for adverti-ſing, &c. - - Guilders	1,348,602	10	-	*or Dollars*,	539,441	-

				Dollars.	Cents.
20,500,000		Guilders, amount of five per cent. loans effected at Amsterdam . . . . . - Guilders.	1,025,000		
2,050,000		Guilders, amount of four and a half per cent. loan effected at Antwerp	92,250		
7,950,000		Guilders, amount of four per cent. loans effected at Amsterdam	318,000		
30,500,000		Amount at interest			
467,500		Guilders, amount of premiums and gratifications to be paid on a loan of two millions of guilders			
30,967,500		Guilders, amount to be paid for loans effected at Amsterdam and Antwerp			
		Amount of one year's interest on the Dutch and Antwerp loans, guilders - which at 40 cents. per guilder is . . .	1,435.250	574,100	
Livres.	*s.* *d.*				
12,188,040	12 2	Bal. due to the Fr. Gov. *a* 4.706 per cent. per ann. being an average of interest payable on the Fr. loans when obtained - Livres.	573,569 3 9	104,102	80
		which *a* $18\frac{15}{100}$ cents. per livre is			
		Amount of one year's interest on the foreign loans as due on the 31st of December 1794 . . .	Dollars.	678,102	80

STATEMENT of Interest payable on the DOMESTIC DEBT.

					Dollars.	Cents.
1st.	Interest payable by the existing contract on the debt as it stood on the last day of December 1794,					
	on six per cent. stock . .	Dollars 29,046,730.62				
	on the original capital of the debt to foreign officers . .	186,988.23	29,233,718.85 *a* six per cent.	1,754,023.13		
	on three per cent. stock . . .	19,484,840.68				
	on the interest of the capital due to foreign officers, to Dec. 31, 1790 .	22,438.58	19,507,279.26 *a* three per cent.	585,218.37		
	on the unfunded debt, per statement . .	1,184,323.40				
	from which deduct indents of interest which bear no interest .	83,805				
	Unfunded debt bearing interest		1,100,518.40 *a* six per cent.	66,031.10		
	Total of interest payable annually by the contract existing at the close of the year 1794 .		. . .		2,405,272	60
2d.	Interest payable after the year 1800, on the principles of the contract existing at the end of 1794					
	on the deferred stock existing at the end of 1794, being . .		14,523,365.45 *a* six per cent.	871,401.92		
	on the six per cent. stock as stated above		29,233,718.85 *a* six per cent.	1,754,023.13		
	on three per cent. stock do.		19,507,279.26 *a* three per cent.	585,218.37		
	on the unfunded debt do.		1,100,518.40 *a* six per cent.	66,031.10		
	Total of interest which would be payable after the year 1800 on the whole domestic debt, on the principles of the existing contract at the end of 1794 . .		. . . .		3,276,674	52
3d.	Interest which would be payable, if the whole domestic debt was subscribed to the loan					
	on six per cent. stock		29,967,397.80 *a* six per cent.	1,798,043.86		
	on three per cent. stock		19,967,936 *a.* three per cent.	599,038.08		
	Annual interest till the close of the year 1800		. .		2,397,081	94
	Interest on deferred debt which becomes six per cent. stock after the year 1800 :		14,890,204.90 *a.* six per cent.	. .	893,412	29
	Total interest which would be payable annually after the year 1800, if the whole debt was subscribed		. .	Dollars.	3,290,494	23

ALEXANDER HAMILTON,
Secretary of the Treasury.

PRESENT annual amount of SINKING FUND supposing the investment of the residue of the surplus of Revenue to the end of 1790, and of the arrears of interest on the debt to Foreign officers in the purchase of six per cent. stock at par, and exonerating the fund from the charge to which it is subject by the last section of the act making provision for the reduction of the Public Debt, viz.

Interest for a year on stock actually purchased and redeemed to the last of December 1794, and carried to the credit of the fund		68,225.55
Interest for a year on the principal and arrears of interest to the end of 1790, on the debt to Foreign officers		11,892.44
Interest for a year on subsequent arrears of interest not included in the above		1,547.05
Interest for a year on 411,659 dollars and 49 cents. being the unexpended balance of surplus to the end of 1790		24,699.56
		106,364 60
Interest for a year on the Loan Office certificates, bearing interest on the nominal principal which (those certificates being paid off as proposed) would accrue to this fund		1,917
Add this sum to be appropriated out of the Revenue from imports and tonnage for the redemption of stock bearing a present interest of 6 per cent. according to the fifth proposition in the report		408,134.64
The amount of 2 per cent. on 25,820,512 dollars, and 20 cents being the amount of stock unredeemed, bearing a present interest of 6 per cent. exclusive of State balances	Dollars	516,410.24
DIVIDENDS on Bank Stock, deducting interest on such instalments of the loan of the Bank as had not accrued in the year 1794		62,500.
Sum to be paid in addition thereto on the 1st of January 1796, out of the Revenue from imports and tonnage for reimbursement of the 4th instalment of the above loan		137,500
Amount of annual instalments of 2,000,000 had of the Bank of the United States, pursuant to the 11th section of the act of incorporation		200,000.

The surplus of the dividends on Bank Stock will increase each year 12,000 dollars, the interest liberated by payment of each annual instalment of principal, and the sum to be paid out of the revenue will annually decrease in the same ratio.

It will be after the first year	On the 1st of January	1797,	125,500.
	On the 1st of January	1798,	113,500.
	On the 1st of January	1799,	101,500.
	On the 1st of January	1800,	89,500.
	On the 1st of January	1801,	77,500.
	On the 1st of January	1802,	65,500.

The yearly average of the sums successively payable out of the Revenue from imports and tonnage towards reimbursing the two million loan, will be		101,500.
And the whole loan being discharged on the 1st of January 1803, the annual dividend on Bank stock will be liberated from the future payment of interest on the loan, and will thenceforth yield to the Sinking Fund, an annuity liable to the redemption of the deferred stock		152,500.
Two per centum of 12,478,837 dollars and 93 cents. the amount of unredeemed stock which on the 1st of January 1801 will bear interest at 6 per centum per annum, exclusive of state balances, and which will be payable on the 1st of January 1802, is		249,576.75
Yearly interest which on the first of Jan 1801 will begin to accrue to the Sinking Fund in the deferred stock, standing to its credit, is	52,319.97	
Further sum necessary for payment of the above 2 per centum	197,256.78	
		249,576.75

This sum of 197,256 dollars and 78 cents. will in the year 1802, 1803, be payable out of the Revenues from imports and tonnage.

But the yearly dividends on Bank Stock, free from charge after the first of January 1803, being		152,500.
The sum thenceforth payable out of the revenues from imports and tonnage, for payment of said two per centum, will be		44,756.78
Which together with the yearly interest on deferred stock being		52,319.97
Is equal to the amount of redeeming annuity of deferred stock being	Dollars	249,576.75

Hence the permanent appropriations out of the revenue from imports of tonnage for the redemption of the whole of the unredeemed funded stock, which now bears and hereafter will bear an interest of 6 per centum per annum, exclusive of the stock standing to the credit of certain states, pursuant to the report of the commissioners, is

For that bearing a present interest	408,134.64
For that bearing a future interest	44,756.78
Total annual extra appropriation to sinking fund out of the revenues exclusive of bank dividends	452,891.42

The whole of the stock bearing a present rate of interest, will, by this fund, be redeemed in something less than twenty-three years, and the interest then set free, (to wit) in the year 1818 will be Dollars 1,631,259.72

To which add the further appropriation towards principal as above 408,137.64

2,039,394.36

This annuity applied to payments or purchases of the foreign debt on a calculation of 5 per cent. interest, would, by the 1st of January 1824, extinguish that debt, and yield a surplus of 122,502 dollars, and 29 cents.

The whole of the stock bearing a future interest of 6 per cent. will, by the fund to be applied to it as above, be also redeemed in something less than twenty-three years from the time of commencing the redemption, that is, by the year 1824, and the interest then set free on that stock will be 801,050.24

The sum appropriated towards the redemption then also set free, is	197,256,78
To which add the sum liberated by the redemption of the present 6 per cent. stock	2,039,394.36
And the interest on 13,745,379.35 being the amount of the foreign debt extinguished as above	638,480.52
There will therefore be an annuity of Dollars	3,676,181.96

Thus will the whole of the foreign debt be extinguished by the year 1824, and the sinking fund will then

possess an annuity of	Dollars	3,676,181.96
And a sum in gross of		122,502.29
Together	Dollars	3,798,684.25

Which in two years would more than pay off the whole of the balances to creditor states, and the whole of the unfunded debt, if not sooner discharged.

So that supposing the proceeds of the Western lands to be sufficient by the same time to redeem the three per cent. stock, the whole of the present debt of the United States, foreign and domestic, funded and unfunded, may be redeemed by the operation of the provision proposed by the fifth proposition by the year 1826. And there would revert to the United States a yearly revenue of dollars 4,435,320.89 cents.

TREASURY DEPARTMENT, *January* 17, 1795.

Alexander Hamilton,

Secretary of the Treasury.

Note—*The calculations in this statement would require to assure their perfect accuracy a revision; but it is certain that any errors it may contain will be too inconsiderable to affect any important result.* A. H.

PERMANENT REVENUE.	DOLLARS.				
Nett duties on imports and tonnage as ascertained for the year 1793 per account of receipts and expenditures for that year	6,087,546.26				
Add product, of additional duties on imports laid by the acts of the 5th and 7th June 1794, computed on the importations of 1793 - -	1,091,872.32		7,179,418	58	
Deduct for extra drawbacks, which would become payable after the year 1793, in consequence of extra importations of certain articles in that year which were re-exported - - - -	1,500,000.				
Deduct amount of temporary duties on imports - - - -	1,479,626.91		2,979,626	91	
Permanent duties on imports and tonnage			4,199,791	67	
Duties on spirits distilled within the United States, and upon stills -	- -		400,000	0	
Nett duties on postage of letters as ascertained in 1793 - - -	- -		29,722	16	
Patent fees as they accrued in the same year	- -		660	0	
Dividends of Bank stock beyond the interest payable to the Bank in 1793 -	38,500.				
Add interest of two instalments which being paid off will increase the dividend	24,000,		62,500	0	
Total permanent revenue -	- -	- -	-		4,692,673 83
TEMPORARY REVENUE.					
Duties on imports as stated above -	- -	- -	1,479,626	91	
Estimated product of duties on snuff manufactured, and sugar refined, within the United States, carriages for the conveyance of persons, licenses for selling wines and spirits at retail, sales at auction	- -		380,000	0	
Total temporary revenue -	- -	- -	- -	-	1,859,626 91
Total annual current revenue -	- -	- -	- -	-	6,552,300 74

Interest on foreign debts as stated -	678,102,80		
Deduct interest on instalments of foreign debt for 1795, to be paid out of proceeds of foreign loans - -	39,622,22	638,480	58
Interest on funded domestic debt -	- -	2,339,241	50
Interest on unsubscribed debt computed according to contract - -	- -	66,031	10
		3,043,753	18
Interest on temporary loans for anticipating the revenue - -	- -	100,000	0
Expences of the Civil Department including foreign intercourse - -	- -	475,249	53
Expences of the Military Department -	1,311,975.29		
including pensions to invalids -	85,357.04	1,397,332	33
Expences of naval department for a year	- -	441,508	80
Expences of light house and other establishments for the benefit of navigation - - -	- -	24,000	0
		5,481,843	84
Excess of revenue beyond the expenditure, carried over -		1,070,456	90
		6,552,300	74

TREASURY DEPARTMENT, January 17th, 1795.

Alexander Hamilton, Secretary of the Treasury.

(F)

RESULT in the Year 1796, according to the Fifth Propoſition.

Surplus of Revenue brought forward			1,07
Increaſed intereſt on foreign debt		67,291.89	
Intereſt on new emiſſion		4,528.70	
10 per cent. of arrears of unfunded intereſt including indents		48,309.53	
Yearly inſtalment on account of 1,000,000 loan for foreign intercourſe		200,00.	
Appropriations for SINKING FUND. [Viz.]			
Dividend of Bank Stock	62,500		
Sum payable out of imports and tonnage for redemption of 6 per cent. ſtock	408,134.64		
Sum payable on the 1ſt of January 1796, towards re-imburſing of Bank loan	137,500,		
		608,134,64	
			928
Balance being exceſs of revenue beyond expenditure			142

It appears by ſtatement [E] theſe extra appropriations will, in the progreſs of the operation, be reduced, and that including a proviſion for the redemption of the deferred debt, the permanent charge on the revenue, excluſive of Bank dividends, for the ſinking fund will be no more than - Dollars 452,891 and 42 cen

ALEXANDER HAMILTON, Secretary of the Treaſury.

SUPPLEMENT to Statement (F.)

VIEW of the probable Product of the additional Duties on Imports, laid by the Act of June 7,

Articles on which Duties are laid by the Act of June 7th, 1794.		Amount imported in 1792.	Amount imported in 1793.	Rates.	*Amount of Duties calcula portation of the 2* 1792.		17
Coffee	pounds.	8,566,441	34,458,178	at 1 cent.	85,66	41	344,5
Cocoa	do.	520,169	1,455,408	2 cents.	10,403	38	29,1
Refined ſugar	do.	225,680	400,000	5 cents.	11,284	0	20,0
Clayed ſugar	do.	91,237	3,739,775	1 cent.	912	37	37,3
Miſcellany being ſmaller enumerated articles	do.	- -	- -	various	31,424	18	31,4
Articles to which 5 per cent. are added	value.	Dols. 4,832,118 51/100	4,832,118 51/100	5 per cent.	241,605	92	241,6
Articles to which 2½ per cent. are added	value.	15,510,183 81/100	15,510,183 81/100	2½ per cent.	387,754	59	387,7
					769,048	85	1,091,8

Difference between 1792 and 1793 is 322,833 dollars 47 cents. which may be juſtly conſidered as an extra importation depending on peculiar and known circumſtances of the war in Europe, and which in all probability will be wholly drawn back on exportation.

The proceeds of theſe duties may therefore be thus ſtated.

Amount computed on the importation of 1792	769,048.85
Deduct for uſual drawback on exportation and expences of collection, 10 per cent.	76,904 88
Probable nett annual product of additional duties	692,143.97

*** *It is to be obſerved however that the conſiderable additions made upon miſcellaneous articles, and upon refined ſugar, will probably have pr effect, and that the items relative to them cannot be much counted upon.* A. H.

REPORT

OF THE

SECRETARY OF THE TREASURY,

FOR THE

IMPROVEMENT AND BETTER MANAGEMENT

OF THE

REVENUES

OF THE

UNITED STATES:

READ IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES, THE SECOND FEBRUARY, 1795, AND PUBLISHED BY THEIR ORDER.

TREASURY DEPARTMENT.

January 31ſt, 1795.

SIR,

PURSUANT to a reſolution of the Houſe of Repreſentatives of yeſterday, I have the honor to ſend herewith, the Report to which it refers; and to be,

With perfect reſpect,

SIR,

Your moſt obedient,

And humble ſervant,

ALEXANDER HAMILTON,

Secretary of the Treaſury.

The Honorable the Speaker of the
Houſe of Repreſentatives.

The SECRETARY *of the* TREASURY *reſpectfully makes the following Report to the Houſe of Repreſentatives.*

ACCORDING to the preſent laws impoſing duties on articles imported into the United States, not much ſhort of $\frac{1}{3}$ of the whole amount of the duties is derived from articles rated ad valorem.

In other nations, where this branch of revenue, as with us, is of principal, or very conſiderable conſequence, and where no peculiarity of ſituation has tended to keep the rates of duty low—experience has led to contract more and more the number of articles rated *ad valorem*, and of courſe to extend the number of thoſe rated ſpecifically, that is, according to weight, meaſure, or other rule of quantity.

The reaſon of this is obvious. It is to guard againſt evaſions which infallibly happen in a greater or leſs degree where duties are high—It is impoſſible for the merchants of any conntry to have manifeſted more probity than thoſe of the United States, on this ſubject—And it is firmly believed, that there never was one, in which illicit practices, to the diſadvantage of the revenue, have obtained ſo little as, hitherto, in this—Yet it would be a deluſive expectation, that with duties ſo conſiderable as thoſe which now exiſt, a diſpoſition will not be experienced, in ſome individuals, who carry on our import trade, to evade the payment of them, and this to an extent ſufficient to make it prudent to guard with circumſpection, and by every reaſonable precaution againſt the ſucceſs of ſuch attempts. It is needleſs to repeat, that this will contribute as much to the intereſt of the fair trader, as to that of the revenue.

It is believed, that in our ſyſtem, the method of rating ad valorem could, with convenience, be brought within a much narrower compaſs; and it is evident, that to do ſo, will contribute materially to the ſecurity of the revenue.

The Secretary has not hitherto had leiſure to digeſt the details of a plan

for this purpoſe; but if the idea is approved, it can be carried, with due accuracy, into effect at a future ſeſſion, by an order upon the head of this department, to prepare, in the mean time, a tariff proportioned to the actual rates of duty.

It may alſo be found expedient, with a ſimilar view, to adjuſt anew the proportional rates of duty of different kinds or qualities of certain articles. This obſervation is believed to apply with particular force to teas. It would be, in the opinion of the Secretary, adviſable to throw them into three claſſes; to raiſe ſomewhat the loweſt rate, and to diminiſh conſiderably the higher rates. A perſuaſion is entertained, founded partly upon obſervation of the courſe of importations, that a regulation of this kind would benefit the revenue. The ſame thing might be conveniently extended to ſome other articles.

Advantages will alſo accrue from a re-adjuſtment of the rates, in certain caſes, by combining ſeveral rates on the ſame articles, eſtabliſhed by different acts, into one rate, and by diſmiſſing inconvenient fractions, which ſerve to perplex the calculation of the duties. Some alteration in the terms of credit for duties, may, it is conceived, be made with advantage. Where four months are allowed, three and ſix months may be ſubſtituted; and three, ſix, nine, and twelve, or even three, ſix, nine, twelve, and fifteen, to the caſes of ſix, nine, and twelve months. This will apportion the courſe of receipts more according to the courſe of payments, and prevent inconvenient preſſures at particular junctures.

The compenſations to inſpectors, eſpecially in the ports where the expence of living is great, and to collectors and ſurveyors in the leſs productive ports, urgently demand reviſion, in order to an increaſe of them.

The ſecurity of the revenue, in every branch, turns (it will not be too ſtrong to ſay) principally upon the officers of the loweſt grade—Hence it is a policy no leſs miſtaken than common, to leave thoſe officers without ſuch compenſations as will admit of a proper ſelection of character, and prevent the temptation, from indigence, to abuſe the truſt.—It is certain, that in many places, the preſent allowance to inſpectors, on the moſt liberal application of it, is inadequate to thoſe important ends.

A ſimilar reaſoning will apply to thoſe officers of the principal grades, who being in diſtricts which produce little, are ill compenſated by the emolu-

ments to which they are at preſent entitled. It cannot eſcape that the ſafety of the revenue muſt depend on equal fidelity and due vigilance in all the diſtricts; elſe it may become, in many caſes, worth the while to reſort to particular diſtricts, becauſe there is a deficiency of the one or the other. Beſides that it is in itſelf juſt and proper, that all who are in the public ſervice, ſhould receive adequate rewards for their time, attention, and trouble.

The aggregate expence of collecting the duties on impoſt and tonnage, is at preſent truly moderate; a circumſtance which facilitates the extenſion of allowances where they are neceſſary. The ſyſtem of the revenue-cutters needs reviſion. The utility of every inſtitution depends on the competency of the agents who are to execute it. The preſent compenſations to officers and men, compared with what may be obtained in other ſimilar employment, unaided by collateral motives, creates a degree of embarraſſment which very much impairs the uſefulneſs of the thing. It would have been, in the judgment of the Secretary, a great mean of rendering it competent to its object, if, as was early ſuggeſted by him, the officers of the cuſtoms had had rank in the navy of the United States.

With regard to that branch of revenue, which is conſtituted by the duties upon ſpirits diſtilled within the United States, and upon ſtills, it is believed, that it would be an improvement, and one which could be now made without inconvenience, to aboliſh the option to pay by the gallon, of the ſpirits diſtilled in the caſes where the duties are charged on the ſtills. This will leave the alternative of paying by the year, or for leſs periods, upon licences at the choice of the party—an alternative which affords ſufficient accommodation to the difference of circumſtances. The option to pay by the gallon, of the ſpirits diſtilled, according to an account to be rendered on the oath of the party, though expedient in the firſt experiment of the law, is objectionable as a permanent regulation in a double view.

The additional diſcretionary latitude given as compenſations to the officers concerned in the collection of thoſe duties, is reſtricted to a term which will expire at the end of the next ſeſſion of Congreſs—It will be eſſential to extend it, or to fix the compenſations which ſhall have been allowed. It is believed that further experience will ſtill be uſeful towards a definitive legiſlative adjuſtment.

Embarraſſments are experienced from the want of a concurrent authority

in theſe officers, ſimilar to that of the officers of the cuſtoms, to make ſeizures within each other's ſurveys or diviſions. On the borders of ſuch as are adjacent, the officers are expoſed to hazard in making ſeizures, and better opportunities are afforded of eſcaping detection.

The revenue to reſult from the act of the laſt ſeſſion, laying duties upon licences to retailers of wines and diſtilled ſpirits, may be improved, favourably to proportional equality, by changing the form.

One licence for ſelling one or more kinds of wines, puts the greateſt and the ſmalleſt dealer upon the ſame footing, and is ſo far inequitable—To claſs wines into a few obvious and ſtrongly marked diſcriminations, and to render a licence neceſſary for each claſs, with a duty upon each licence, would favour a juſt diſtribution of the tax among great and ſmall dealers, and would, at the ſame time, benefit the revenue. The claſſes may be as follow:—1ſt. Madeira wine.—2d. Sherry wine.—3d. Port wine.—4th. Other wines.

To ſecure the effect of the diſcrimination in favour of ſmall dealers, who may be in the practice of ſelling and ſending out different kinds of wines in ſmall quantities, it may be provided that not more than one licence ſhall be neceſſary to any dealer, who never ſells or ſends out at one time more than three gallons. And ſuitable penalties may be annexed to guard the condition of the exemption.

Similar obſervations are applicable to licences to retailers of ſpirituous liquors.—Theſe may be thrown into three claſſes:—1ſt. Spirits diſtilled from the grape, commonly called brandy.—2d. Spirits diſtilled from the produce of the ſugar cane, commonly called rum.—3d. Other diſtilled ſpirits:—and there may be a like proviſion in favour of dealers who never ſell or ſend out more than three gallons at one time.

Diſtillers may be put in this reſpect, as to the ſpirits they diſtil, upon the ſame footing with importers—that is, they may be exempt from the licence duty; but it would ſeem proper to annex theſe conditions to the exemption, that they ſhall not ſell and ſend out a leſs quantity in one caſk, veſſel, or package, than ten gallons; and that they ſhall not deal in the ſelling at retail of any other ſpirits than thoſe they themſelves diſtil.

Or another rule may be adopted, for proportioning the tax to the extent of the dealing; which is, to add to the preſent rate of the licence, certain

ſupplemental rates, according to the yearly rent or yearly value, by appraiſement of the houſe or building in which the retailer of wines or ſpirituous liquors ſhall carry on the buſineſs.

This has been found in practice, a convenient, and, upon the whole, an equitable rule of proportion; evidently more ſo than one licence with the ſame duty to all dealers indiſcriminately.

It is a general and a wiſe national policy, to make theſe articles of wine and ſpirits as contributory to the revenue as they can be made, which can only be effected by ſubdividing the duties upon them in the different ſtages of their paſſage to the conſumer. The branch under conſideration, might be an important one. As it is now regulated, it is feared that it may prove of inconſiderable conſequence. The confining of the licences for ſelling ſpirituous liquors to foreign ſpirits, muſt give great facility to evaſions. And it has an unequal operation upon different portions of the community.

It would promote the object of the act, which impoſes duties on ſales at auction, to allow two and a half per centum to each auctioneer, in lieu of the one per centum allowed by the ninth ſection of that act.—It is believed that the preſent allowance is inſufficient to defray the expence of clerkſhip incident to a compliance with the requiſitions of the law, which cannot be rendered leſs particular or exact without prejudice to the revenue.

The tax upon ſnuff, according to a rate per lb. will be liable to very great evaſions, without regulations for a cloſe inſpection of the courſe of the buſineſs—Diſpenſing with theſe, it ſeems adviſable to modify the tax upon a different plan. The propoſition to lay it upon the mortar is as good a ſubſtitute as has occurred—It appears, upon evidence which is credited, that a ſnuff mill uſually works about one half the year, that is one hundred and fifty-ſix working days in a year, and yields per mortar of the whole number of mortars contained in a mill, an average of forty-five pounds of ſnuff per day. It follows, that five hundred and ſixty-one dollars and ſixty cents. per mortar, per annum, is the equivalent of the preſent duty of eight cents. per lb. There are objections to this form of the tax, but as it appears to be generally deſired by the manufacturers, it ſeems adviſable to forego them; eſpecially as the preſent plan demands far more rigorous precautions for the effectual collection of the duty than now exiſt, or than would be deemed expedient.

A ſimilar difficulty attends the tax upon refined ſugar. But a proper ſubſtitute for the preſent plan is not perceived—It will fortify the revenue, and produce no undue inconvenience to the manufacturer, if he be required to annex a ticket or tickets to each loaf of ſugar, ſpecifying the weight in pounds; and to each caſk, barrel, keg, box or other package of refined ſugar, ſpecifying the contents and weight in pounds—correſponding certificates or tickets to accompany imported refined ſugar. The kinds of tickets to be furniſhed by the reſpective ſuperviſors, and accounted for to them. The obſervance of this regulation to be ſecured by proper penalties.

The act which lays a duty *on carriages for the conveyance of perſons*, exempts from the duty carriages *uſually* and *chiefly* employed in huſbandry, and in carrying commodities. It is a material defect in this act, as has been already experienced, that it provides no ſummary mode for determining what carriages are within the exempting deſcription. Now, every diſputed caſe muſt be the ſubject of a ſuit in all the legal forms; which is equally objectionable on the ſcore of delay and expence. It is not perceived, that any inſurmountable difficulty lies in the way of providing a remedy, conſiſtently with a due reference in the laſt reſort to the judiciary authority.

In revenue laws, too much is as great a fault as too little ſimplicity. It leaves them unproviſional; incapable of execution in a manner convenient either to the public or to individuals.

The acts impoſing duties on licences for ſelling wines and ſpirituous liquors at retail, and upon ſales at auction, authorize allowances not exceeding two and a half per cent. for compenſation to officers, and for incidental expences. The acts laying duties upon carriages for the conveyance of perſons, and upon ſnuff and refined ſugar, make no proviſion for ſuch compenſations or other expences of collection. It is the opinion of the Secretary, that the rate of two and a half per cent. in the two firſt mentioned acts, is inadequate—that it ought to be extended to five per cent. and that an equal proviſion ſhould be made for the expence of collection, under the two laſt mentioned acts.

The reſtrictions upon officers of the cuſtoms, and upon the ſuperviſors and other officers of inſpection, with regard to the public funds, appear to the Secretary unneceſſary and inconvenient; unneceſſary, becauſe thoſe of-

ficers having no concern whatever with any branch of public buſineſs that reſpects the management of the funds, can have no official influence upon the policy or execution of the meaſures which regard them, further than by a punctual collection of the revenues; inconvenient, becauſe it deprives them of a mean of inveſting any little ſums they may ſave or acquire in a mode very convenient to men, who, from ſituation, are leſs able to avail themſelves of other opportunities. If the being ſtock-holders can have any influence upon them as officers, it muſt be of a kind favourable to the public ſervice, by increaſing their perſonal intereſt in the exact collection of the revenue. If the idea which dictated the reſtrictions was, that they might uſe the public money in ſpeculations in ſtock, the anſwer is, that this is not in their power, from the rapidity with which it is transferred to the treaſury; and if it were practicable for them to divert the public money, and a diſpoſition to do it ſhould in any caſe exiſt, it might operate through other channels. In lieu of the reſtrictions concerning the funds, the employment of public money for private purpoſes may, if thought neceſſary, be ſtill further guarded againſt by penalties. Thoſe reſtrictions, in reference to the *immediate* officers of the treaſury department and the commiſſioners of loans, are entirely proper, and ought to be maintained; but it is believed, that it is not only uſeleſs, but injurious to give them greater extenſion. The multiplication of reſtrictions on the public officers will render greater compenſations neceſſary, and be a ſource of expence to the public.

All which is reſpectfully ſubmitted.

ALEXANDER HAMILTON,

Secretary of the Treaſury.

Treaſury Department,
January 31, 1795.

NOTE—Since the concluſion of this report, the Secretary has learnt that a bill (the progreſs of which his peculiar ſituation had prevented his obſerving) has actually paſſed the two houſes, for changing the terms of ſix, nine, and twelve months, into eight, ten, and twelve. This bill, beſides interfering diſadvantageouſly with arrangements of the treaſury, founded upon the exiſting proviſions of the laws, will, it is apprehended, tend to increaſe an inconvenience, which the above ſuggeſtions were meant to leſſen; the

too great concentration of mercantile payments. Any accidental derangement of the mercantile body, from overtrading or other cauſe, would, in this ſituation, endanger conſequences to the treaſury, which it might be difficult to meet by other expedients; whereas a ſubdiviſion into ſhorter and more numerous periods, by diminiſhing the effect, would admit in ſuch caſes, of an eaſy ſubſtitute. The merchants themſelves are particularly intereſted in this queſtion, for the re-action upon them of any embarraſſment of the treaſury, might render that a general and laſting miſchief, which might otherwiſe have been only a partial and tranſient diſorder.

THIRD CONGRESS

OF THE

UNITED STATES:

AT THE SECOND SESSION,

Begun and held at the City of PHILADELPHIA, in the State of Pennſylvania, on Monday, the Third of November, one Thouſand ſeven Hundred and Ninety-four.

An ACT *making further Proviſion for the Support of Public Credit, and for the Redemption of the Public Debt.*

Sec. 1. BE *it enacted by the Senate and Houſe of Repreſentatives of the United States of America, in Congreſs aſſembled,* That it ſhall be lawful for the commiſſioners of the ſinking fund, and they are hereby empowered, with the approbation of the Preſident of the United States, to borrow, or cauſe to be borrowed, from time to time, ſuch ſums, in anticipation of the revenues appropriated, not exceeding, in one year, one million of dollars, to be reimburſed within a year from the time of each loan, as may be neceſſary for the payment of the intereſt which ſhall annually accrue on the public debt; and for the payment of the intereſt on any ſuch temporary loan, which ſhall not exceed ſix per centum per annum, ſo much of the proceeds of the duties on goods, wares, and merchandize imported, on the tonnage of ſhips or veſſels, and upon ſpirits diſtilled within the United States, and ſtills, as may be neceſſary, ſhall be and are hereby appropriated.

Sec. 2. *And be it further enacted,* That a loan be opened at the treaſury, to the full amount of the preſent foreign debt, to continue open until the laſt day of December, in the year one thouſand ſeven hundred and ninety-

ſix, and that the ſums, which may be ſubſcribed to the ſaid loan, ſhall be payable and receivable, by way of exchange, in equal ſums, of the principal of the ſaid foreign debt; and that any ſum, ſo ſubſcribed and paid, ſhall bear an intereſt equal to the rate of intereſt which is now payable on the principal of ſuch part of the foreign debt, as ſhall be paid or exchanged therefor, together with an addition of one half per centum per annum; the ſaid intereſt to commence on the firſt day of January next ſucceeding the time of each ſubſcription, and to be paid quarter-yearly, at the ſame periods at which intereſt is now payable and paid upon the domeſtic funded debt: *Provided*, That the principal of the ſaid loan may be reimburſed at any time, at the pleaſure of the United States.

Sec. 3. *And be it further enacted*, That credits to the reſpective ſubſcribers, for the ſums by them reſpectively ſubſcribed to the ſaid loan, ſhall be entered and given on the books of the treaſury in like manner as for the preſent domeſtic funded debt; and that certificates therefor, of a tenor conformable with the proviſions of this act, ſigned by the Regiſter of the Treaſury, ſhall iſſue to the ſeveral ſubſcribers, and that the ſaid credits, or ſtock ſtanding in the names of the ſaid ſubſcribers, reſpectively, ſhall be transferable, in like manner, and by the like ways and means, as are provided by the ſeventh ſection of the act aforeſaid, intituled, "An act making proviſion for the debt of the United States," touching the credits or ſtock therein mentioned; and that the intereſt to be paid upon the ſtock which ſhall be conſtituted by virtue of the ſaid loan, ſhall be paid at the offices or places, where the credits for the ſame ſhall, from time to time, ſtand or be, ſubject to the like conditions and reſtrictions as are preſcribed in and by the eighth ſection of the act laſt aforeſaid.

Sec. 4. *And be it further enacted*, That the intereſt and principal of all loans, authorized by this act, ſhall be made payable at the treaſury of the United States only, ſo far as relates to the payment of the principal and intereſt of the domeſtic debt.

Sec. 5. *And be it further enacted*, That ſo much of the duties on goods, wares, and merchandize imported, on the tonnage of ſhips or veſſels, and upon ſpirits diſtilled within the United States, and ſtills, heretofore appropriated for the intereſt of the foreign debt, as may be liberated or ſet free, by ſubſcriptions to the ſaid loan, together with ſuch further ſums of the

proceeds of the ſaid duties, as may be neceſſary, ſhall be, and they are hereby pledged and appropriated, for the payment of the intereſt which ſhall be payable upon the ſums ſubſcribed to the ſaid loan, and ſhall continue ſo pledged and appropriated, until the principal of the ſaid loan ſhall be fully reimburſed and redeemed: *Provided always*, That nothing herein contained ſhall be conſtrued to alter, change, or in any manner affect, the proviſions heretofore made concerning the ſaid foreign debt, according to contract, either during the pendency of the ſaid loan, or after the cloſing thereof; but every thing ſhall proceed, touching the ſaid debt, and every part thereof, in the ſame manner as if this act had never been paſſed, except as to ſuch holders thereof, as may ſubſcribe to the ſaid loan, and from the time of the commencement thereof in each caſe, that is, when intereſt on any ſum ſubſcribed ſhall begin to accrue.

Sec. 6. *And be it further enacted*, That the ſeveral and reſpective duties laid and contained in and by the act, intituled, "An act laying additional duties on goods, wares, and merchandize imported into the United States," paſſed the ſeventh day of June, one thouſand ſeven hundred and ninety-four, ſhall, together with the other duties heretofore charged with the payment of intereſt on the public debt, continue to be levied, collected, and paid, until the whole of the capital or principal of the preſent debt of the United States, and future loans which may be made, purſuant to law, for the exchange, reimburſement or redemption thereof, or of any part thereof, ſhall be reimburſed or redeemed, and ſhall be, and hereby are, pledged and appropriated for the payment of intereſt upon the ſaid debt and loans, until the ſame ſhall be ſo reimburſed or redeemed.

Sec. 7. *And be it further enacted*, That the reſervation made by the fourth ſection of the aforeſaid act, intituled, "An act making proviſion for the reduction of the public debt," be annulled, and in lieu thereof, that ſo much of the duties on goods, wares, and merchandize imported, on the tonnage of ſhips or veſſels, and upon ſpirits diſtilled within the United States, and ſtills, as may be neceſſary, be, and hereby are ſubſtituted, pledged, and appropriated for ſatisfying the purpoſe of the ſaid reſervation.

Sec. 8. *And be it further enacted*, That the following appropriations, in addition to thoſe heretofore made, be made to the fund conſtituted by the

ſeventh ſection of the act, intituled, " An act ſupplementary to the act making proviſion for the debt of the United States," paſſed the eighth day of May, one thouſand ſeven hundred and ninety-two, to be hereafter denominated, " The Sinking Fund," to wit: Firſt, So much of the proceeds of the duties on goods, wares, and merchandize imported; on the tonnage of ſhips or veſſels, and on ſpirits diſtilled within the United States, and ſtills, as, together with the monies which now conſtitute the ſaid fund, and ſhall accrue to it, by virtue of the proviſions herein before made, and by the intereſt upon each inſtalment, or part of principal, which ſhall be reimburſed, will be ſufficient, yearly and every year, commencing the firſt day of January next, to reimburſe and pay ſo much as may rightfully be reimburſed and paid, of the principal of that part of the debt or ſtock, which, on the ſaid firſt day of January next, ſhall bear an intereſt of ſix per centum per annum, redeemable by payments on account both of principal and intereſt, not exceeding, in one year, eight per centum, excluding that which ſhall ſtand to the credit of the commiſſioners of the ſinking fund, and that which ſhall ſtand to the credit of certain ſtates, in conſequence of the balances reported in their favour, by the commiſſioners for ſettling accounts between the United States and individual States: Secondly,—The dividends, which ſhall be, from time to time, declared on ſo much of the ſtock of the bank of the United States, as belongs to the United States (deducting thereout ſuch ſums, as will be requiſite to pay intereſt on any part remaining unpaid of the loan of two millions of dollars, had of the bank of the United States, purſuant to the eleventh ſection of the act, by which the ſaid bank is incorporated): Thirdly,—So much of the duties on goods, wares, and merchandize imported, on the tonnage of ſhips or veſſels, and on ſpirits diſtilled within the United States, and ſtills, as, with the ſaid dividends, after ſuch deduction, will be ſufficient, yearly and every year, to pay the remaining inſtalments of the principal of the ſaid loan, as they ſhall become due, and as, together with any monies, which, by virtue of proviſions in former acts, and herein before made, ſhall, on the firſt day of January, in the year one thouſand eight hundred and two, belong to the ſaid ſinking fund, not otherwiſe ſpecially appropriated; and with the intereſt on each inſtalment, or part of principal, which ſhall, from time to time, be reimburſed, or paid, of that part of the debt or ſtock, which, on the firſt

day of January, in the year one thouſand eight hundred and one, ſhall begin to bear an intereſt of ſix per centum per annum, will be ſufficient, yearly and every year, commencing on the firſt day of January, in the year one thouſand eight hundred and two, to reimburſe and pay ſo much, as may rightfully be reimburſed and paid, of the ſaid principal of the ſaid debt or ſtock, which ſhall ſo begin to bear an intereſt of ſix per centum per annum, on the ſaid firſt day of January, in the year one thouſand eight hundred and one, excluding that, which ſhall ſtand to the credit of the commiſſioners of the ſinking fund, and that, which ſhall ſtand to the credit of certain States, as aforeſaid: Fourthly,—The net proceeds of the ſales of lands belonging, or which ſhall hereafter belong to the United States, in the weſtern territory thereof:—Fifthly,—All monies, which ſhall be received into the treaſury, on account of debts due to the United States, by reaſon of any matter prior to their preſent conſtitution: And laſtly,—All ſurpluſſes of the revenues of the United States, which ſhall remain, at the end of any calender year, beyond the amount of the appropriations charged upon the ſaid revenues, and which, during the ſeſſion of Congreſs next thereafter, ſhall not be otherwiſe ſpecially appropriated or reſerved by law.

Sec. 9. *And be it further enacted*, That as well the monies which ſhall accrue to the ſaid ſinking fund, by virtue of the proviſions of this act, as thoſe which ſhall have accrued to the ſame, by virtue of the proviſions of any former act or acts, ſhall be under the direction and management of the commiſſioners of the ſinking fund, or the officers deſignated in and by the ſecond ſection of the act, intituled "And act making proviſion for the reduction of the public debt," paſſed the twelfth day of Auguſt, one thouſand ſeven hundred and ninety, and their ſucceſſors in office; and ſhall be, and continue appropriated to the ſaid fund, until the whole of the preſent debt of the United States, foreign and domeſtic, funded and unfunded, including future loans, which may be made for reimburſing or redeeming any inſtalments or parts of principal of the ſaid debt, ſhall be reimburſed and redeemed; and ſhall be, and are hereby declared to be veſted in the ſaid commiſſioners, in truſt, to be applied, according to the proviſions of the aforeſaid act of the eighth day of May, in the year one thouſand ſeven hundred and ninety-two, and of this act,

to the reimburſement and redemption of the ſaid debt, including the loans aforeſaid, until the ſame ſhall be fully reimburſed and redeemed. And the faith of the United States is hereby pledged, that the monies or funds aforeſaid ſhall inviolably remain, and be appropriated and veſted, as aforeſaid, to be applied to the ſaid reimburſement and redemption, in manner aforeſaid, until the ſame ſhall be fully and completely effected.

Sec. 10. *And be it further enacted*, That all reimburſements of the capital, or principal of the public debt, foreign and domeſtic, ſhall be made under the ſuperintendance of the commiſſioners of the ſinking fund, who are hereby empowered and required, if neceſſary, with the approbation of the Preſident of the United States, as any inſtalments or parts of the ſaid capital or principal become due, to borrow, on the credit of the United States, the ſums requiſite for the payment of the ſaid inſtalments or parts of principal: *Provided*, That any loan which may be made by the ſaid commiſſioners, ſhall be liable to reimburſement at the pleaſure of the United States; and that the rate of intereſt thereupon, ſhall not exceed ſix per centum per annum; and for greater caution, it is hereby declared, that it ſhall be deemed a good execution of the ſaid power to borrow, for the ſaid commiſſioners, with the approbation of the Preſident, to cauſe to be conſtituted certificates of ſtock, ſigned by the Regiſter of the Treaſury for the ſums to be reſpectively borrowed, bearing an intereſt of ſix per centum per annum, and redeemable at the pleaſure of the United States; and to cauſe the ſaid certificates of ſtock to be ſold in the market of the United States, or elſewhere; *Provided*, That no ſuch ſtock be ſold under par. And for the payment of intereſt on any ſum or ſums which may be ſo borrowed, either by direct loans, or by the ſale of certificates of ſtock, the intereſt on the ſum or ſums which ſhall be reimburſed by the proceeds thereof (except that upon the funded ſtock, bearing and to bear an intereſt of ſix per centum, redeemable by payments, not exceeding, in one year, eight per centum on account both of principal and intereſt) and ſo much of the duties on goods, wares, and merchandize imported, on the tonnage of ſhips or veſſels, and upon ſpirits diſtilled within the United States, and upon ſtills, as may be neceſſary, ſhall be, and hereby are pledged and appropriated.

Sec. 11. *And be it further enacted*, That it ſhall be the duty of the com-

miſſioners of the ſinking fund, to cauſe to be applied and paid, out of the ſaid fund, yearly and every year, at the treaſury of the United States, the ſeveral and reſpective ſums following, to wit: Firſt—Such ſum and ſums as, according to the right for that purpoſe reſerved, may rightfully be paid for, and towards the reimburſement or redemption of ſuch debt or ſtock of the United States, as, on the firſt day of January next, ſhall bear an intereſt of ſix per centum per annum, redeemable by payments, not exceeding in one year, eight per centum, on account both of principal and intereſt, excluding that ſtanding to the credit of the commiſſioners of the ſinking fund, and that ſtanding to the credit of certain ſtates, as aforeſaid, commencing the ſaid reimburſement or redemption on the ſaid firſt day of January next: Secondly—Such ſum and ſums as, according to the conditions of the aforeſaid loan, had of the bank of the United States, ſhall be henceforth payable towards the reimburſement thereof, as the ſame ſhall reſpectively accrue: Thirdly—Such ſum and ſums as, according to the right for that purpoſe reſerved, may rightfully be paid for and towards the reimburſement or redemption of ſuch debt or ſtock of the United States as, on the firſt day of January, in the year one thouſand eight hundred and one, ſhall begin to bear an intereſt of ſix per centum per annum, redeemable by payments, not exceeding in one year, eight per centum, on account both of principal and intereſt, excluding that ſtanding to the credit of the commiſſioners of the ſinking fund, and that ſtanding to the credit of certain ſtates, as aforeſaid, commencing the ſaid reimburſement or redemption on the firſt day of January, in the year one thouſand eight hundred and two; and alſo to cauſe to be applied all ſuch ſurplus of the ſaid fund, as may at any time exiſt, after ſatisfying the purpoſes aforeſaid, towards the further and final redemption of the preſent debt of the United States, foreign and domeſtic, funded and unfunded, including loans for the reimburſement thereof, by payment or purchaſe, until the ſaid debt ſhall be completely reimburſed or redeemed.

Sec. 12. *Provided always, and be it further enacted*, That nothing in this act ſhall be conſtrued to veſt in the Commiſſioners of the ſinking fund, a right to pay, in the purchaſe or diſcharge of the unfunded domeſtic debt of the United States, a higher rate than the market price or value of the funded debt of the United States: *And provided alſo*, That if, after all

the debts and loans aforeſaid, now due, and that ſhall ariſe under this act, excepting the ſaid debt or ſtock, bearing an intereſt of three per cent. ſhall be fully paid and diſcharged, any part of the principal of the ſaid debt or ſtock bearing an intereſt of three per cent. as aforeſaid, ſhall be unredeemed, the government ſhall have liberty, if they think proper, to make other and different appropriations of the ſaid funds.

Sec. 13. *And be it further enacted,* That all priorities heretofore eſtabliſhed in the appropriations by law, for the intereſt on the debt of the United States, as between the different parts of the ſaid debt, ſhall, after the year one thouſand ſeven hundred and ninety-ſix, ceaſe with regard to all creditors of the United States, who do not, before the expiration of the ſaid period, ſignify, in writing, to the Comptroller of the Treaſury, their diſſent therefrom; and that thenceforth, with the exception only of the debts of ſuch creditors who ſhall ſo ſignify their diſſent, the funds or revenues charged with the ſaid appropriations, ſhall, together, conſtitute a common or conſolidated fund, chargeable indiſcriminately, and without priority, with the payment of the ſaid intereſt.

Sec. 14. *And be it further enacted,* That all certificates, commonly called loan-office certificates, final ſettlements, and indents of intereſt, which, at the time of paſſing this act, ſhall be outſtanding, ſhall, on or before the firſt day of January, in the year one thouſand ſeven hundred and ninety-ſeven, be preſented at the office of the Auditor of the Treaſury of the United States, for the purpoſe of being exchanged for other certificates of equivalent value and tenor, or, at the option of the holders thereof, reſpectively, to be regiſtered at the ſaid office, and returned; in which caſe, it ſhall be the duty of the ſaid Auditor to cauſe ſome durable mark or marks to be ſet on each certificate, which ſhall aſcertain and fix its identity, and whether genuine, or counterfeit, or forged; and every of the ſaid certificates, which ſhall not be preſented at the ſaid office, within the ſaid time, ſhall be for ever after barred or precluded from ſettlement or allowance.

Sec. 15. *And be it further enacted,* That if any transfer of ſtock ſtanding to the credit of a ſtate, ſhall be made purſuant to the act, intituled, "An act authorizing the transfer of the ſtock ſtanding to the credit of certain ſtates," paſſed the ſecond day of January, in this preſent year, after the laſt day of December next, the ſame ſhall be upon condition, that it ſhall be

lawful to reimburſe, at a ſubſequent period of reimburſement, ſo much of the principal of the ſtock ſo transferred, as will make the reimburſement thereof, equal in proportion and degree, to that of the ſame ſtock transferred previous to the ſaid day.

Sec. 16. *And be it further enacted*, That in regard to any ſum which ſhall have remained unexpended upon any appropriation other than for the payment of intereſt on the funded debt; for the payment of intereſt upon, and reimburſement, according to contract, of any loan or loans made on account of the United States; for the purpoſes of the ſinking fund; or for a purpoſe, in reſpect to which, a longer duration is ſpecially aſſigned by law, for more than two years after the expiration of the calendar year in which the act of appropriation ſhall have been paſſed, ſuch appropriation ſhall be deemed to have ceaſed and been determined; and the ſum ſo unexpended ſhall be carried to an account on the books of the treaſury, to be denominated "THE SURPLUS FUND." But no appropriation ſhall be deemed to have ſo ceaſed and been determined, until after the year one thouſand ſeven hundred and ninety-five, unleſs it ſhall appear to the Secretary of the Treaſury, that the object thereof hath been fully ſatisfied, in which caſe, it ſhall be lawful for him to cauſe to be carried, the unexpended reſidue thereof, to the ſaid account of "the ſurplus fund."

Sec. 17. *And be it further enacted*, That the department of the treaſury, according to the reſpective duties of the ſeveral officers thereof, ſhall eſtabliſh ſuch forms and rules of proceeding, for and touching the execution of this act, as ſhall be conformable with the proviſions thereof.

Sec. 18. *And be it further enacted*, That all the reſtrictions and regulations heretofore eſtabliſhed by law for regulating the execution of the duties enjoined upon the commiſſioners of the ſinking fund, ſhall apply to, and be in as full force for the execution of the analogous duties enjoined by this act, as if they were herein particularly repeated and re-enacted: And a particular account of all ſales of ſtock, or of loans by them made, ſhall be laid before Congreſs, within fourteen days after their meeting next after the making of any ſuch loan or ſale of ſtock.

Sec. 19. *And be it further enacted*, That in every caſe in which power is given by this act to make a loan, it ſhall be lawful for ſuch loan to be

made of the bank of the United States, although the ſame may exceed the ſum of fifty thouſand dollars.

Sec. 20. *And be it further enacted*, That ſo much of the act laying duties upon carriages for the conveyance of perſons; and of the act laying duties on licences for ſelling wines and foreign diſtilled ſpirituous liquors by retail; and of the act laying certain duties upon ſnuff and refined ſugar, and of the act laying duties on property ſold at auction, as limits the duration of the ſaid ſeveral acts be, and the ſame is hereby repealed; and that all the ſaid ſeveral acts be, and the ſame are hereby continued in force until the firſt day of March, one thouſand eight hundred and one.

FREDERICK AUGUSTUS MUHLENBERG,
Speaker of the Houſe of Repreſentatives.
HENRY TAZEWELL, *Preſident of the Senate, pro tempore.*

APPROVED, March the third, 1795.
Gº. WASHINGTON, *Preſident of the United States.*

FINIS.

made of the bank of the United States, although the ſame may exceed the ſum of fifty thouſand dollars.

Sec. 20. *And be it further enacted*, That ſo much of the act laying duties upon carriages for the conveyance of perſons; and of the act laying duties on licences for ſelling wines and foreign diſtilled ſpirituous liquors by retail; and of the act laying certain duties upon ſnuff and refined ſugar, and of the act laying duties on property ſold at auction, as limits the duration of the ſaid ſeveral acts be, and the ſame is hereby repealed; and that all the ſaid ſeveral acts be, and the ſame are hereby continued in force until the firſt day of March, one thouſand eight hundred and one.

FREDERICK AUGUSTUS MUHLENBERG,
Speaker of the Houſe of Repreſentatives.
HENRY TAZEWELL, *Preſident of the Senate, pro tempore.*

APPROVED, March the third, 1795.
Gº. WASHINGTON, *Preſident of the United States.*

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